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OAS General Assembly Continues in Managua 7 Jun

Ministers Asked To Intercede for Cuba

PA0806201793 Managua Radio Catolica in Spanish 2200 GMT 7 Jun 93

[Text] The Central American foreign ministers meeting in Managua has received a petition to intercede before the United States to lift the embargo imposed three decades ago on the Cuban island. It is said that a request for signatures to be sent to the OAS foreign ministers was well received by many Nicaraguans, who have signed the petition for the lifting of the economic embargo Uncle Sam maintains against Fidel Castro. Castro has ruled the island for more than 30 years and the people are suffering the consequences of one of the strongest dictatorships in Latin American history.

Support Given to New Guatemalan President

PA0806200793 Managua Sistema Nacional de Television Network in Spanish 0230 GMT 8 Jun 93

[Text] The OAS General Assembly being held in Managua agreed to give its support to the new constitutional president of Guatemala through a unanimously approved resolution. Here is the unidentified Assembly secretary reading the resolution:

[Being Secretary recording] 1. We express our consent to the decision made by the Guatemalan Congress to appoint Ramiro De Leon Carpio as president of the Republic in keeping with the Constitution.

2. We express the satisfaction of the OAS member nations' foreign ministers with the reestablishment of the constitutional regime in Guatemala and with the full prevalence of the state of law.

3. We take note, pleased, that the political crisis in that nation has been solved peacefully and in a sovereign manner. This was done in strict compliance with constitutional and legal outlines and in accordance with the sentence issued by the Constitutional Court.

4. We congratulate the Guatemalan people for their civic and democratic attitude, expressed in the broad national consensus in which all the nation's sectors participated. This has allowed a speedy and peaceful restoration of democratic institutions. [end recording]

In addition, the international community was urged to give all the necessary support to the legally organized Government of Guatemala.

Guatemalan President's Remarks Noted

PA0906012593 Mexico City NOTIMEX in Spanish 2341 GMT 8 Jun 93

[Text] Managua, 8 Jun (NOTIMEX)—Ramiro de Leon Carpio, the new Guatemalan president, said in the presence of the OAS member countries' foreign ministers in Managua on 8 June that his government will protect human rights. "The internal political events in Guatemala cannot but influence the international policy that my government will adopt," de Leon said in a 10-minute speech at the 23d OAS General Assembly meeting being held in this capital.

"The greatest strength of a small country with limited economic resources rests on the firmness of its stand, the responsibility of its actions, and the moral authority that accompanies the country in both of them," he added.

De Leon, who was elected by the Guatemalan Congress early on 6 June after one week of a power vacuum created when Jorge Serrano Elias was removed, arrived in Managua this afternoon to participate in the OAS meeting.

"There is no greater solidity and responsibility than that given by the consistency between the principles and actions of a government at home and those applied in its international policy," de Leon said.

The new Guatemalan president arrived at the OAS Assembly after meeting for one hour with President Violeta Chamorro as part of a four-hour visit to Nicaragua.

"Guatemala will respect and abide by the fundamental principles of international law, particularly those that deal with finding a peaceful solution of controversies, nonintervention, juridical equity, and full respect for the sovereignty of states," he said. De Leon said that his government "will comply with and honor all commitments made" and will effectively defend the full respect for political, civil, economic, social, and cultural rights of the world's peoples." De Leon also pledged to endorse all measures aimed at establishing a more just and equitable international order and stimulating representative democracy as a political expression of the peoples "through the democratic solidarity principle.

In his speech, de Leon announced that he will invite his fellow Central American presidents to hold in Guatemala on 17 June the regional summit previously scheduled to be held from 16 to 18 June [as received] and which had been canceled by the political crisis in his country. The summit's main point of discussion will be "the consolidation of democratic institutions in Central America," de Leon said.

He also asked the OAS that, in consultation with the other Central American presidents, Guatemala be offered all the necessary support to renew and revitalize the peace process and make this peace "firm and long lasting" as soon as possible. Guatemala is experiencing an armed conflict that for the last three decades has been undermining its development with a balance of more than 100,000 deaths, a war that the region's governments seek to put an end to as a requirement for the country's integration.

Cuba

Castro Holds News Conference on Tourism

PA0806162393 Havana Cubavision Television in Spanish 2236 GMT 7 Jun 93

[News conference with President Fidel Castro by unidentified reporters at the Tourism Convention Hall at the Melia Varadero Hotel in Varadero; date not given—recorded]

[Text] [Applause] [Reporter] Commander, [words indistinct] with the people?
[Castro] Argentina, yes. There is only one of them but anyone would think there are more than 50 of them. [laughter, applause]

[Reporter] What is the reason for your [words indistinct]?
[Castro] What was that? [people shout: "No;" applause] I like your hair style. [laughter] [people shouting: "Chile, Peru, Bolivia, Spain"] Does anyone here speak Spanish? [people shout: "France, Italy, Italy, Italy"] He speaks Australian, what language do you speak?

If you do not tell me what you want me to do I have no idea what I am going to do. [laughter] I came here and found this. I was told that you have closed I do not know how many deals, that you have broached many issues; that you watched a show. I know nothing of this. All I know is that a convention was being held here. I am not here on a stopover. If I were on a stopover I would be going to Santa Clara or some other place. I will be stripped of what little merit I have. [laughter, applause] I am not here as a tourist or on a stopover. I am not here on vacation. I was simply told that a convention was being held and they begged and told me that it would be nice if I came here and enjoyed some time with you. And that is what I have done. [applause]

I asked what your plans were and where a large crowd could gather [words indistinct] and here I am. And now what am I going to talk about. I was told that there were [words indistinct] and if I wanted to answer some questions and clear up concerns regarding the optic neuritis epidemic. I asked if no one had spoken about this. I was told someone did but [words indistinct] Well, at least I am here so that everyone can see I am alive. [laughter, applause] There are many photographers and cameramen here.

Well then, what do you want me to talk about? There is not much for us to say because we are just starting out and we are learning about tourism.

[Reporter] What does Cuba expect from tourism?
[Castro] We hope tourism will contribute to our country's economic development.

[Reporter] What would you say to the Argentine businessmen who are willing to invest in Cuba?
[Castro] Invest quickly before others do. [laughter, applause]

[Reporter] How much pressure are the investors under?
[Castro] Pressure from whom?

[Reporter] From whom, commander? Who pressures?
[Castro] Could that be our neighbor? [laughter] From our neighbor to the north? They have pressured. From the very beginning [words indistinct] there have been pressures; however, despite the pressures, investments have been made. I believe that those who have invested are pleased. We are the ones who are not satisfied. I still see that there are projects to be completed. We have received investments in several projects, and some of these projects, the shopping center, and others have not been completed. There is a hotel that has not been completed. Where are our partners in that hotel? Where is the Spaniard? [applause]

When will the building be completed? [words indistinct] A whole year? Are the builders on strike? [laughter] I thought the hotel would be completed sooner. [Words indistinct] also being completed? Thank you.

How are you [not further identified] doing? What are you doing now? [words indistinct] Is there much competition? Hard competition? Thank you, but do not go to far because I may need your help. [laughter]

[Reporter] Commander, what does Cuba expect from the next Ibero-American summit?
[Castro] I do not believe anyone knows. [laughter] Speaking in broad terms, I would say that the summits have been steps forward. For the first time, the Latin American leaders have met without asking anyone's permission. In the past they had to ask permission from their northern neighbor before meeting. Now we meet without anyone's permission. We have already had two meetings. This one will be the third meeting. We are gaining experience in this field and we are constantly trying to ensure that these meetings have greater content and substance; that specific problems are broached; that solutions to the big problems of our hemisphere are found; and from my viewpoint, the most important thing is that we work for the unity and integration of the Latin American countries. If we do not integrate we do not have any type of future. We aspire to be, someday, a great community like other communities such as Europe. That should be Latin America's destiny because only.... [interrupted by applause; laughter]

[Reporter] Commander, your views on the Spanish elections. Do you think that relations between Spain and Cuba would change if the right-wing sector won?
[Castro] Well, I do not see any reason for change in the relations between Spain and Cuba. The relations between Spain and Cuba are historical. I believe those relations began more than 500 years ago. [laughter] Much has happened in the past 500 years. We have had many governments, much has happened. The relations are lasting; they last centuries. The relations could be better could be worse, they could be easier or more

difficult, but there will be relations. History created these relations and nothing and no one can destroy these relations, much less if we all wish to work for the good of those relations. [applause]

[Reporter] Commander, your views on....
[Castro, interrupting] Is there no moderator here? [laughter]

[Reporter] Thank you. I am from Panama. Commander, your views on what has happened in Venezuela and Guatemala?
[Castro] That has nothing to do with tourism. [laughter] I realize you are interested in political matters and, therefore, you are interested in what happens in all those places. The time will come when we will have to include politics in our plans for tourism. [laughter]

The truth is that what is happening worries us. Their problems worry us. We would like to see greater peace and stability in all our sister countries in Latin America. That is why we are saddened by what is happening because this only casts a shadow over harmony and peace in those countries.

I think they will be able to overcome obstacles and they will be able to [words indistinct]. Tourists will have more things to [word indistinct] and more stories to hear. The story [words indistinct] is long, it is rich in every aspect and, let us say, there is something more positive than all this. It increases our experience and it enriches our (?history). I will not pass judgment on the rest. I will not make a political analysis so as not depart from this convention's topic.

[Reporter] I would like you to give us your opinion of what is really taking place in Cuba as a result of the blockade. How is Cuba doing?
[Castro] Logically, Cuba is having a hard time and facing many difficulties. It has many problems. It is a small country located 90 miles from the United States. It is being economically and politically blockaded by the most powerful country that has ever existed. Logically, we must suffer the consequences of all that. These consequences worsened following the disappearance of the Socialist bloc and the USSR, with which we had very good commercial relations.

The blockade has always existed but our economic relations with the Socialist bloc and the USSR were good for our country. They helped us withstand the blockade. Now that pillar, that support, has disappeared, and we have faced the blockade alone, without the support of the economic relations I mentioned. That is why the blockade hurts us more now. It forces us to start everything anew and on a new basis, and this naturally demands time. We are really suffering the consequences of that blockade right now. That is what I can tell you about the situation we currently face.

[Reporter] Can you (?forge) ahead with modifications?
[Castro] What modifications are those?

[Reporter] Broaden your relations.
[Castro] Reorganize.... [pauses] Well, we have to broaden our trade with the world. We have to develop new branches of the economy. One of the branches we are developing is tourism. We have great natural resources. I know them very well because I like the sea; I like the beaches; I like the mountains. I am somewhat an adventurer. [laughter heard in the background] I have explored many of those beaches. I have been almost everywhere on the island. I have seen all the beaches. I calculate that our country has natural resources and beaches... [pauses] $20 billion could be invested in our country's beaches alone. The problem is finding the $20 billion. [laughter heard in the background]

[Words indistinct] to invest it well. But well, we are satisfied with the beginning. This is why we must rebuild on new foundations. I do not mean that we must give up our ideals and social and political objectives. But we must try to survive under these conditions of the blockade that has been imposed on us. We must try to resist in the first place and try to achieve development under very difficult conditions. These conditions are different from those of any other country because no country in the world is suffering a blockade similar to that of our country. This has been going on for more than 30 years. We defended ourselves from this blockade when the Socialist bloc existed, but it no longer exists.

This is why we must work now under more difficult conditions and rebuild our foreign trade. We must start our foreign trade over again. Well, we have begun an economic opening, which we had launched some time ago. We have expedited our opening because of this situation.

[Reporter] [question indistinct]?
[Castro] Well, it somehow affects the country's mentality, customs, and habits. Tourism has many positive aspects and some negative aspects. We try to develop the positive aspects of tourism and to avoid the negative aspects. What do we try to avoid? We have not established gambling, casinos, and all that. We have not turned this into another Monte Carlo. This is not a country full of drugs and we maintain a strict and rigorous policy in this regard. We try to avoid that in our country. [applause]

[Words indistinct] of the tourists that come to Cuba. Healthy tourists in general. I believe that there are enough millions of healthy tourists in the world for us to be able to develop the tourism industry in our country without corrupting or ruining ourselves.

[Reporter] [question indistinct]
[Castro] There is definitely an impact. But we must adapt ourselves because, in today's world, no one can live in a crystal urn. And we must be.... [applause]

We cannot live under—as doctors would say—totally aseptic conditions. Like those people who are placed under a [word indistinct] flow when a transplant—of marrow tissue, for instance—is going to be performed on

them, and contamination must be avoided. It is better to cause a default. [previous word in English] [laughter and applause] [words indistinct]

[Reporter] Commander, my enterprise is organizing a very special kind of tourism jointly with the Great Theater of Havana—which is the First International Opera Festival, with the presence of Jose Carreras—I do not know whether Antonio Nunez Jimenez has already told you about this....
[Castro, interrupting] No, but I have heard about this and I believe the newspapers have reported it.

[Reporter] Do you have any special message for our friends who will arrive in Cuba?
[Castro] When will they arrive?

[Reporter] Next year.
[Castro] Well, the special message is that I regret very much that they will take so long to arrive in Cuba. [laughter and applause] And that they will be received with open arms and that they will surely have a big success in front of such a receptive public and a people prepared to receive them as they deserve.

[Reporter] Thank you.

[Reporter, in English with passage by passage translation into Spanish] [Words indistinct] of investments from Canada.
[Castro] First of all, if they add up, they will realize they have greater benefits in Cuba than anywhere else, that capital is recovered much faster, and that they are charged less tax than anywhere else.

Besides, there is a special advantage: There is no danger of social changes because the social changes already took place. [laughter and applause]

Is someone going to translate for him?

If you invest in a capitalist country, you take the risk of there being a social revolution, and the country becoming socialist or whatever. However, if you invest in a socialist country, the only risk is that it could become capitalist, and then you would not be affected. [laughter and applause]

[Reporter] The Day of the Environment will be celebrated worldwide tomorrow and the first anniversary of the Rio Summit will be in 10 days. How is....
[Castro, interrupting] [passage indistinct] [Laughter]

[Reporter] The Day of the Environment will be celebrated on 5 June and the first anniversary of the Rio Summit is in 10 days. How is Cuba fulfilling the agreements or how is it protecting its environment?
[Castro] Actually, we had been taking a number of steps before the Rio Summit. We were very active in favor of environmental protection at that conference. Furthermore, some of the principles approved at the conference have been applied to the Constitution of the Republic. Fortunately, we have been really aware of the environmental problems for a long time. Naturally, the Rio Summit helped develop that conscience much more.

That was a meeting of chiefs of states.... [pauses] and you know the number of states in the world has increased; each time a country is divided into three, there are three new countries; if it is divided into 10, there are 10 new states; I hope Latin American countries do not continue to subdivide themselves, but unite instead; because every time one is divided, since nationalist currents have emerged with much strength everywhere; and I believe the number of countries today amounts to 186. And those that existed at that time were there, and there were a lot, they did not fit into that convention center.

At that meeting, I noticed that the event had played an important role in the political leaders' awareness of the importance of the environment. Because many persons underestimate this, and they do not realize the horrible, really catastrophic, consequences environmental changes could have. They could bring on the elimination of mankind.

For instance, the green house effect, global warming, they do not know of the consequences it could have. If the levels of the seas rise because the polar caps melt, a couple of dozens of countries would disappear. Many of these countries are islands in the Pacific Ocean. I remember this well because I spoke to them and their great concern as to the future was that, if the sea level rose, they would disappear.

There are many countries where, if the sea levels rise, one- third, one-fourth, or maybe one-half, would disappear. But there are others that would disappear completely. That is only one problem.

Excess carbon dioxide in the atmosphere is another. It is a consequence of the consumption of fossil fuels. Over 20 billion tons of carbon dioxide are thrown in the atmosphere every year.

That is altering the climate. We have already seen the consequences. This year we experienced the storm of the century. The same one that struck the United States also struck us here. While the United States is a big country, ours is small. When a hurricane sweeps the island from coast to coast, the consequences are terrible. Can you imagine 200-km-per-hour winds in February? That had never happened at such a time of the year, which is not a time for hurricanes. The wind I refer to blew from west to east. At that time of the year, hurricanes blow from east to west or cross over the island. Weather-wise, we have had a catastrophic year. The storm of the century took place on 13 March. Then, we had rains throughout the dry season, after we completed the sugar cane crop. As you have seen, there were tremendously copious rains in the eastern provinces. Large areas of the country flooded, all of the dams filled to the brim. More than 500 mm in 24 hours. Do you know how much 500 mm in 24 hours is? Many European countries get 600 or 700 mm in an entire year. Five hundred mm in 24 hours is a

terrible amount of rain. All of this happened in the first half of this year. We are discussing weather changes that represent a disaster to the countries' lives and economies. I am referring to the famous ozone layer. Man has committed many acts of madness, perpetrated many terrible deeds, and invented many things without being aware of the consequences both on human life and nature.

It has been said that the ozone layer is attacked by the chlorofluorocarbons, contained in sprays and refrigerating units, and which are released into the atmosphere. It takes this gas about 20 years to get to the ozone layer. This ozone layer, which was discovered in Argentina, in the southern hemisphere, has already been harmed. When a chlorofluorocarbon molecule gets there, it comes into contact with and destroys the ozone layer. In a vicious circle, a single chlorofluorocarbon molecule can destroy 100 billion ozone molecules. But man has been sending chlorofluorocarbons aloft, where combinations begin. And a hole appears in the ozone layer, which protects us from ultraviolet radiation and makes life on earth possible. I have mentioned two examples.

If you study modern industry, the lack of concern over the environment has polluted the air we breathe, the forests with acid rain, the water in lakes, rivers, and the sea. When one goes to the sea, one begins to wonder about the type of sea one is swimming in. Fortunately, our sea is somewhat choppy. [applause] The Gulf current takes the bad water away into the Atlantic Ocean. Whatever pure remains in the Atlantic Ocean is around us. [applause] Please do not speak to me about the Mediterranean, with the pardon of those who come from that area and live here. Not even fish can live in the Mediterranean. That sea has been left without oxygen and everything else. Everyone knows. Forty Thousand industries pour their wastes into the Mediterranean. This is true. In addition, it is cold. I once put one foot in the Mediterranean in May and pulled it out fast because of the cold. I think I once took a dip in the Black Sea, but in a swimming pool [laughs] with a roof and heat.

What I am trying to say is that the waters are highly polluted as the result of man's indifference. Man has been destroying the environment. We already know that it is very difficult to move from this planet, first of all, because we do not want to move. Despite the havoc wrought by man and civilization, our planet is still very beautiful.

Even though it may only be for a few hours, in those countries that have a lot of smog [preceding word in English], one can still see the sun setting or the moon appearing—perhaps a bit dull, but visible nevertheless. There are still plenty of places in the world that we need to protect. All this is connected with the environment.

We cannot move away from this planet. I am fully convinced that man will never be able to leave the solar system because of the great distances involved. The nearest star is four light years away. Man is still trying to travel in space but has only traveled a few weeks within the earth's orbit at far less than the speed of the moon [sentence as heard]. Practically all planets have already been explored. Too bad man cannot simply travel to the moon for pleasure, even if only once. But there is no life on the moon; there is no life on Mars; there is no life on any planet, no life on any satellite. Life is here on this place called Earth.

There is a planet called Venus. In ancient mythology Venus was the goddess of love. When man with his modern rockets arrived on Venus and sent his probe out to explore, he found that Venus had a temperature of 460 degrees resulting from the greenhouse effect. It was not a result of love, no, no. [crowd laughs] Lovemaking may cause heat, but this is not the case. If there were a couple of lovers on Venus, they would disappear in a matter of seconds. They would be finished far quicker than love's most explosive and glorified moments. [applause, crowd laughs] The goddess of love, the greenhouse effect! There is a greenhouse effect on Venus. I ask myself whether Earth will some day have a temperature of 200 degrees because we continue to create conditions that make it possible for the greenhouse to feed itself. As a good companion you have broached a very important topic: the environment. There is nothing more important to do than to raise awareness about this because man has destroyed it all.

Without discussing the field of medicine and the number of products it has developed, this all may have a deep effect on human life. There is a book called "Silent Spring" [La Primavera Silenciosa] by U.S. writer Rachel Carlson. She died many years ago; in fact, she died of cancer. She described the effects many of these insecticides have, first on living things such as insects and birds, and then on man. The cumulative effect of all those phosphorous products, which remain on food as residue because of intensive food production. Unfortunately, man has to produce ever increasing amounts of food, with greater productivity per hectare, and with an ever decreasing amount of land. Man is forced to use all sorts of chemical products. We then see the effect of all these products on human life. It is tremendous!

I believe that one of modern day's greatest problems is contamination. I believe that nature lovers and tourists should have the greatest awareness of this contamination problem. Governments need to be educated; people come to power in government who know nothing about this, or anything else for that matter! [crowd laughs] But they know nothing about the environment.

I was very pleased to see everyone and all the heads of state talking at the Rio de Janeiro summit, which as you rightly point out was nearly a year ago. One could see serious concern there. Of course, some did not have a clean conscience. Leaders from developed countries were more worried and opposed many of the measures because their consciences bothered them. They know very well that they have contaminated the environment the most, even though one expected from them the

greatest effort. The Third World countries have not caused the greatest contamination; it has been the more developed countries, consumer societies. That is a fact. And we are all suffering the consequences of this. But there is greater awareness. At Rio de Janeiro heads of state became aware. If the governments are not aware of the problem what can one expect from the rest of the people? Fight and create the awareness. Even political environmental parties have been created and have become an important political force in many countries.

I have extended myself somewhat, but I wanted to give you my thoughts on the topic you dealt with. [applause]

We are developing other programs, but tourism is the one that grows most rapidly. This is the one we should have started earlier. We can reproach ourselves for this. We are trying to do it right. Let not happen to us what happened to Spain's Costa Rica. Are many Spaniards here? In Costa Rica, the buildings were built on the sea. Beaches were destroyed in many instances. The Spaniards, particularly those most experienced, say many mistakes have been made throughout the world regarding the development of tourism, mistakes we do not want to make. We want tourism to be something well oriented and planned, to preserve water and the sea, to meet the most modern tastes of those who will come here.

There was a time when taking the most advantage of the terrain to build a 30-story hotel was the prevailing criterion. When one is lodged in a hotel.... [pauses] Those who hear me will have to forgive me because I do not how high this hotel is. [laughs] Only six? That is a very good figure. One can feel good about six stories. If the elevator fails, one can get some exercise. But in a 25- or 30-story building, it feels like being in a prison. We have taken all those criteria and ideas to develop tourism. Because there is a national program, we hope not to make the development mistakes made elsewhere. We can do something orderly and adequate, lest what we are doing now will be worth nothing in 100 years. But I hope by that time people will be better prepared and more experienced, better able to face difficulties and to correct the things we have not done right.

But we want to provide a tourist model, particularly regarding the use of nature. We believe Cubans have what it takes to be efficient, at least this is what our Spanish friends say. We can at least be hospitable, kind. I believe these characteristics can also help our tourism industry to be efficient. We have much to learn yet. Do not think that we are satisfied with the progress that we have made. We work hard to get the best experience in the world to apply it in our country. I know that you in Santo Domingo have much experience in this field because you are giving tourism a strong boost.

[Reporter] This business requires high motivation because one encounters all kinds of people who say all kinds of stupid things at any moment, and one must be highly motivated to resist responding to these things. What is the government doing to....

[Castro, interrupting] Who says stupid things at any moment? [laughter]

[Reporter] People speak their minds any time.

[Castro] I am more concerned about our workers saying stupid things to tourists than tourists saying stupid things to our workers. [laughter, applause] Tourists should receive all kinds of good attention and hospitality. Good education and good treatment of tourists should characterize our workers. This involves a culture we must acquire; it should be based on our raw material; that is, the natural qualities of our fellow citizens.

We are working to educate them. The first thing we want to teach them well is how to serve a table, prepare food, maintain rooms, maintain everything, and how to assist tourists in an optimum way. These are key things. Tourism cannot succeed if we do not give good service to the tourists, if we fail to instill a tourist culture on a group of workers, if they spill coffee and food on tourists, and if they do not treat them well.

We are making a huge effort to teach workers how to take care of the tourist. The first thing that a worker must have is patience. If he does not have patience, then he must forget about dealing with tourists. I have heard that the tourists who come to our country are very educated.

They have a spiritual wealth, they also contribute. We must keep in mind the world in which we live today. It has much higher levels of culture and education. In general, the tourists who come to our country have that characteristic. That is what we have noticed. I think training workers to provide the most careful attention to those tourists will not be hard. We must train them to have all the patience in the world, and the stupid things.... [pauses] Who invented stupid things? [laughter]

[Reporter] More motivation, Commander. They must be more motivated. This business is very stressful, as they say. The workers must be more motivated.

[Castro] We need good advisers.

[Reporter] [words indistinct]

[Castro] I am half Galician too because my father was Galician, and if I do not answer you Galician style, how could I answer you? [laughter] What do you mean by answer Galician style?

[Reporter] Answering a question with another question.

[Castro] I am known for giving direct answers to questions. I do not go around too many times before saying things. But to tell the truth, I did not fully understand the question. [laughter] Maybe because we could not hear it up here in the first row. All I heard is that you did not want an answer Galician style. But I reserve the right to answer Galician style if it is convenient. [laughter] Why should I renounce my Galician side? [Cheers, laughter, applause]

Yes, repeat the question. You want me to play fortune teller, seer, and I-do-not-know-what-else.

[Reporter] Just a prediction. According to you, how does Cuba's political, economic, and social future look?
[Castro] I think it will be difficult over the next years because of the difficulties we are going through, because of the obstacles we must overcome. We see them as years of work, of big effort. Just as you had in Spain for a long time because.... [pauses] May I ask a question without you saying I am Galician? When was Spain industrialized?

[Reporter] [words indistinct]
[Castro] Spain was industrialized in the current century, not in previous centuries. They used to get plenty of gold, silver, and many other things from their colonies, but the Spaniards used it up and did not develop or invest in their country in a correct manner. Spain began to develop in this century. We have to industrialize too, but we have to do it under difficult blockade conditions. To be more precise, we have to develop economically at a time in which the Socialist bloc has disappeared and we no longer have its support. We have to develop at a time in which the blockade is being maintained, which forces us to make a very big effort. In the course of the next few years, without being a fortune teller, I can tell you these are fundamentally going to be years of sacrifice and work because circumstances demand it from us. We have even had to suffer a decline in our quality of life as a result of all these problems.

We had been increasing our quality of life for 30 years, however. I can tell you that our people have been able to resist under certain conditions, which speaks highly of their dignity, their unity, and their courage. [applause]

People used to say we were a satellite of the USSR. Well, it has been quite a while since the USSR and the Socialist bloc disappeared, but we continue to rotate in orbit. [laughter] We have proven we still have more orbit in which to rotate. [laughter, applause]

Everyone rotates around something, satellites around planets, planets around stars, stars around galaxies, and galaxies also rotate around each other, and they have their own orbits. We rotate around our ideas, around our objectives, and life has proven wrong those who thought we were not independent.

We have demonstrated enough independence, enough dignity, enough firmness to face the hardest conditions ever faced by any country in the world today. In the face of the new Rome, this small island—we cannot forget we are a small island and are only a few miles away—has remained alone. We have remained alone defending our flag. We have continued alone defending our independence, we have remained along defending our ideals. [applause]

I say the following: In no part of the world do they greet North Americans better than here. What do you think of that? Nobody would believe it. There are countries which express their nationalism by insulting the North Americans. Since they can't get even for other things, they take it out on the North Americans individually. [laughter] They use disrespectful terms. You will not hear a single disrespectful word here against North Americans. Our country is characterized by its respect and good treatment given to U.S. citizens. Sometimes they are called Yankees, but not here. That takes place at the podium, when one refers to Yankee imperialism and all those sorts of things. [laughter] If a U.S. tourist were to be called Yankee here, you can rest assured that we would call him that in a friendly manner. [laughter, applause]

[Reporter Ramon Paulino] Commander, one topic has not been broached. An illness, a sort of blindness broke out, but we were told you are going to deal with this personally. I am from the Dominican Republic. I was told when I was about to leave not to come here because I would bring the disease back into the country. [laughter] We were told it was contagious and that you would deal with it personally.
[Castro] That I would what?

[Paulino] That you would deal personally with the treatment of this disease.
[Castro] Well, I take care of all struggles, much more so a struggle against disease. The disease appeared in Pinar del Rio. It is a sort of optic neuritis. We don't call it that. It has different symptoms. It broke out around the middle of last year with a few cases. The epidemiologists invested some time and warned about this. They were looking for different causes. The cases broke out in a tobacco zone, in a tobacco region. They investigated the pesticides, the fertilizer, and what was being used in the tobacco. That is why they believed it had a toxic origin. Then other cases appeared in other parts of the country. For some months now, let's say three months, all the country's scientific forces began to investigate the causes and characteristics of the disease. They believed the causes to be of a toxic, nutritional, or viral nature. Those were the possible causes of an epidemic of this kind, which does not make persons go blind and which, furthermore, responds to treatment. No one is blind as a result of the epidemic. It hinders eyesight, has recognizable symptoms, and responds to treatment. We have about 15 different types of treatment. We have confirmed this. One of its characteristics is that it broke out on a large scale. In other words, it was not atypical. It broke out on a large scale, which is why it was labeled an epidemic. We know it as epidemic neuritis, which can show up first in the peripheral nerves, in some motor nerves, and has different manifestations. This country has invested a lot in the field of science.

The best investigators in this nation in the fields of medicine and biology are working on this. Not only this, not only this [repeats himself], but we also have opened our doors to the international scientific community. We talked with the Pan American Health Organization and with the WHO. We asked them to send experts, so that not only our experts would be working on this. They have come, they have come to visit us. I personally have

talked with all of them. During their one-week stay, in six days I met with them eight times. Not only I, but our scientific and technical personnel met with them. But I wanted to be there to follow closely the whole process, all the ideas that came up, to hear all the possible causes. We gave them the results of all our investigations, and we analyzed them.

We can now say that Cuba is not alone in investigating this. There is a first-rate investigative group working on this, looking for the causes of this illness. It is not easy, not easy [repeats himself]. It requires a lengthy investigation. Tests must be done on mice, on animals. All kinds of things must be done. Some are inclined-...[pauses] each is inclined toward his area of expertise to in explaining it.

The nutritionists accredit it to nutrition problems, as nutrition problems do exist. It could be produced as a result of a vitamin deficiency, a specific vitamin for example, such as B complex. Others [words indistinct]. Others believe it is toxic in origin. The toxicologists are inclined to think of a toxin. What happened? The majority of the people who fell ill were smokers, around 90 percent of them. But some were not smokers; some were drinkers. But there are cases of nonsmokers and nondrinkers. These cases must be studied even further. Their vitamin levels were relatively normal. They require numerous tests of all types.

Those who work in biological laboratories favored a possible virus as the cause. Now where do we stand? If it is tobacco, what type of tobacco? What kind of fertilizers are used in growing tobacco, for example. Or how much tar, how much cyanide does tobacco smoke contain? Some of the symptoms are....[pauses] They resemble toxic symptoms a great deal. The majority of the experts are inclined to look for a toxin. What toxin can it be? If it is tobacco, then what about the nonsmokers. Some toxicologists now working on it say: Well, now we should study the yucca. This is because yucca is tropical produce that sometimes contains cyanide in an amount that could lead to those symptoms. So they go and investigate yucca, even though the yucca we produce is not the same as that which grows in other countries.

I do not want to say that we are underestimating the illness. It exists, it is a reality, the people must be attended to. But the people respond very well to the treatment we are giving them. We are giving preventive treatment. Every day 11 million B complex and other vitamins are distributed. No other nation has done this, that is, to implement massive preventive treatment among the whole population.

I can also say that in the past week the number of cases has decreased. The current situation is that we are not the only ones working against this illness. The international scientific community is working on this and scientific publications are publishing everything learned about this illness as new criteria and new facts come up. I can assure you, I can assure you [repeats himself], in my personal opinion, tourists are not running any risk. If they were running any risk, if they were running any risk, [repeats himself] we would tell them, if we had the [words indistinct] facts; no matter what the cost, no matter what the cost [repeats himself]. [applause]

Robaina, Diplomats Tour Pharmaceutical Industry Sites

FL0806181693 Havana Radio Rebelde Network in Spanish 1700 GMT 8 Jun 93

[Excerpts] Accompanied by representatives of the diplomatic corps, Cuban Foreign Minister Roberto Robaina today toured pharmaceutical industry sites in the capital. Here is Gisela Bel Heredia with the details.

[Bel] As part of the information received during a tour made in the company of Foreign Minister Roberto Robaina, the diplomatic corps accredited in Cuba today learned about all our country's achievements in developing the pharmaceutical industry. Addressing the diplomats, Ministry of Public Health [Minsap] Vice Minister (Jose Ignacio Goicochea Bofil) said Cuba is one of the few countries in the world where the production of medicines and other medical articles lies within, is part of, and belongs to the health care system itself. [passage omitted consisting of recorded statements by (Goicochea) with poor audio quality and indistinct portions]

The tour began (?at) Finished Forms Plant No. 1, which produces solid forms—tablets—and is at present producing the vitamin complex being distributed to the population as part of the measures to counter the neuropathy epidemic. The plant that produces plastic flasks for the pharmaceutical industry was also visited; as were Plant No. 3, which also makes tablets, and other plants under construction in nearby areas as part of investments in the pharmaceutical industry, which already has 60 factories in Cuba.

Bayamo People's Government Holds Municipal Assembly

FL0706152993 Havana Radio Rebelde Network in Spanish 0900 GMT 7 Jun 93

[Text] Alfredo Enriquez Pina, first secretary of the Communist Party of Cuba in Granma Province, has said: We must prepare ourselves, as well as prepare the population, for the second semester. The results of the harvest have been low and the country will have less hard currency with which to buy fuel.

Enriquez Pina spoke at the municipal assembly of the Bayamo People's Government. One of the main topics on the assembly agenda was the sensible use of energy. Enriquez Pina stressed the need to put a stop to the improper use of government transport for private purposes and even to commit theft. He emphasized that we must put the squeeze on this kind of thing, with the help of government inspectors and agents of the Interior Ministry.

Meeting in the first ordinary session of the current term, the municipal assembly of the Bayamo People's Government also assessed the operations of the people's councils, noting that the population has not yet achieved self-sufficiency and that production of high- demand consumer goods is still minimal.

Comrade Yadira Garcia, a member of the Politburo and deputy in the Cuban legislature for Bayamo Municipality, was also present at the People's Government assembly. In connection with her visit to Granma Province, Comrade Yadira Garcia Vera presented the National Vanguard certificate to Bayamo's "America's First Soviet" agricultural-livestock production cooperative. Garcia Vera also presented to the small farmers cooperative the banner certifying that it has cut 2 million arrobas of sugarcane and the certificate showing that it has been a profitable operation for 10 consecutive years.

During the ceremony presided over by Arturo Vazquez, first secretary of the Communist Party of Cuba in Bayamo, the members of "America's First Soviet" promised to achieve, in the next harvest, yields of (?50,000) arrobas of cane per caballeria during drying [en secado].

Sugarcane Spring Planting Campaign Resumes in Camaguey Province

FL0706193793 Havana Radio Rebelde Network in Spanish 1700 GMT 7 Jun 93

[Text] The sugarcane spring planting campaign has been resumed in several agroindustrial sugar complexes in Camaguey Province after having been paralyzed for practically one week due to rain. Even though the rain continues to fall, mostly in the central and northern areas of the province, the planting campaign increases its yield every day. Approximately 300 caballerias have already been plowed.

Since January, Camaguey Province has planted 803 caballerias of the 2,000 that were scheduled for the first six months in the spring planting campaign. The complexes that have achieved considerable progress in this task are the Alfredo Alvarez Molis and the Siboney, which are very close to reaching their goals for the period. The units that have been called to increase their efforts are the Ignacio Agramonte, Panama, Noel Fernandez, Candido Gonzalez, and Republica Dominicana complexes. Regular forces, combatants of the Youth Labor Army, peasants, mobilized workers, and Cuban Workers Federation volunteers are participating in the planting campaign.

Maintenance Work Scheduled for Gas Plant

FL0706163693 Havana Radio Reloj Network in Spanish 1409 GMT 7 Jun 93

[Text] Maintenance work that will last one month is scheduled to begin in the next few days on one of the Mario Fortuny Manufactured Gas Plant's two gas production lines. Some 80 to 85 percent of this line's production will be replaced by gas from two lines from the Mario Rodriguez Curbelo Plant in Luyano, which are to go into operation. Although service is expected to continue from 0500 to 1300 and from 1700 to 2100, there is the possibility of a certain amount of abnormality, in view of the increased demand so far this year.

To preclude a reduction in the number of hours gas is available, the population should keep lit only those burners actually needed for cooking.

* FAR Performance in Special Period Discussed

93CA0127A Havana BOHEMIA in Spanish No 18, 30 Apr 93 pp 32-35

[Article by Pedro Prada]

[Text] How are the Revolutionary Armed Forces (FAR) coping with the special period? Where are they getting their supplies? How much of a burden are they on the country's economy? All of these questions arise in the mind of the average Cuban when he sees that, in stark contrast to all the limitations, the country's defense remains at a high level.

Before searching for answers, let us establish some ground rules: This journalist cannot provide all the statistics he would like to quote in the interests of contributing to solving our problems, because the enemy is on the lookout for those statistics to add grist to his mill. Nor can this journalist satisfy the curiosity of critics who merely want to wrest confessions from us or cause us to grovel in a way that is unbecoming to Cubans.

Let us just say that the disappearance of the USSR, the deterioration of relations with that country because of the political changes that have occurred there and the global consequences of all this, plus the disappearance of the socialist camp and the Yankee blockade of our country's economy—all have resulted in drastic reductions in state supplies and in the buying power of the FAR.

But this situation did not take us by surprise, nor did it dampen the spirits of the military. For more than a decade, the country had been working on the design of a much more rational defense system, one that was better adapted to the country's economic possibilities and the conditions of the war it would have to wage.

Rectification Started 10 Years Ago

In silence, as Marti taught us, we drafted plan after plan to improve the form and structure of the FAR, establishing priorities in the personnel rosters and making them much more efficient, improving troop training and the economical use of resources, because these precepts, which had hardly ever been mentioned before, were also among the fundamentals of the War of All the People.

For example, military corps that had thousands of personnel assigned to them were reduced to hundreds. For

those who are left, dedication, professionalism, competitiveness, and efficiency are the common denominators of their conduct.

And those who were mustered out of the FAR or who were given new assignments received all the attention, consideration, and concern that their difficult situation required. Two principles were followed: Do not abandon anyone to his fate, and do not prolong the period of labor instability to the point that it causes moral and political trauma.

Only in this way could we ensure that the defense establishment would adapt to the country's new situation, maintaining a high degree of combat readiness and preparation and a strong mobilization capacity. What was least important—or, in the words of Army General Raul Castro, the superfluous—was eliminated, and whatever could help save the revolution was kept.

Of course, we admitted that we still had trade facilities granted by the USSR because of the relations dictated by the new international economic order that the Non-Aligned Countries and the United Nations had at one time aspired to establish.

When it became apparent that the country would have to operate for a few years with reductions of more than 50 percent in fuel supplies, military allocations were cut in order to set an example and educate people on how to conserve motor vehicle resources until the "zero" option could be implemented. In addition, alternative solutions began to proliferate: biogas plants, mini-hydroelectric plants, gas generators, dispersers, mechanical adaptations, magnetization....

From another point of view, this was just a part of the scientific and technological revolution that was taking place in the country, in which the FAR were playing an active role.

The FAR have presented papers on medications, engineering and project solutions, computation and diagnostic systems, electronic applications for training, lasers, mechanical construction, aeronautics, and many other fields at scientific and technical forums during the special period.

Salt and Sugar

In 1989, thanks to the rectification effort, we achieved our cherished dream of establishing the Food Program, which was a well thought-out program that would have prospered had it not been for the difficulties resulting from the special period. But in many FAR camps, food crops had been grown and livestock raised for many years. Now it was a question of multiplying experiences such as those of the Baragua division or the Cabanas Naval Base, where small parcels and corrals had been operated for years.

And as soon as it became apparent that the food shortages were growing worse due to external factors, the Ministry of the FAR decided to free the national economy from the burden of the military.

Raul made it clear: Strive to ensure that all we have to ask the country to give us is salt and sugar. The rest must be produced "in house." In a way, that also amounted to a rectification within the Armed Forces, a return to a traditional task, and a specific step in support of the appeal for national salvation issued by the commander in chief.

It was also, to a certain extent, a return to the principle of self-reliance and survival that the Rebel Army had maintained during the war; and it was an economic, political, and human lesson for thousands of men—and above all, for thousands of young people—who received the fruits of our labor often without knowing how they were produced.

In general terms, 60 percent of this objective was achieved in 1992, and in some categories, up to 100 percent of the needs were met. Today the FAR are much closer to achieving the goal.

Furthermore, there are entities such as the eastern Army, whose rice fields in Camaguey and Bayamo are able to meet all of its own demand with enough left over to contribute to the FAR's supplies. In another example, the Navy can produce enough to meet the needs of the Antiaircraft Defense and Revolutionary Air Force (DAAFAR), while the latter harvests enough bananas to supply itself and the Navy.

There are other examples as well. In various parts of the country, again very quietly, because it is in the interests of the revolutionary ethic of our military forces, the products that on occasion and in some areas are brought to market and placed in the people's warehouses have been sold by men wearing olive green.

In addition, there is another element of tradition: the experience of the Youth Labor Army, which for a long time had been considered the most productive force in the country—not by official decree, but by popular consent.

If that part of the FAR gave its all—and it still does—to participate in the sugar, coffee, and citrus fruit harvests, and in the construction industry, why should other combatants not be able to emulate them on a larger scale? In fact, they have proven themselves more than equal to the task. Imagination and initiative have flourished, and the agricultural production of the Armed Forces has already begun to require the establishment of small-scale processing plants and canneries.

Resistance and Development Means Defense Too

Then we entered the most critical phases of the special period. No one believed it would come to that when the newspaper BASTION launched its compendium of "Helpful Hints," and VERDE OLIVO featured on its April 1989 cover a photograph of a soldier tilling the land with a team

of oxen, while a windmill turned in the background. The caption announced the title of the cover story: "Just in Case...With a Little Love I Will Get By."

Thus, it has also been possible to carry out an internal redistribution of human, material, and financial resources within the FAR, without so much as the tiniest impact on the country's defense.

The military industrial firms have reconverted some lines and replaced others; they have assimilated new technologies and manufacturing processes that have enabled them, for example, to repair ship and aircraft engines, submarines, and very complex devices right here rather than having to spend millions of dollars the country does not have.

An effort is also being made to increase and improve the preservation of stored weapons and ordnance; to make rational, precise, and efficient use of equipment for combat and training; and to prolong the use of military uniforms, mending or making alterations to them so that they will meet the needs of the times.

The fact that there is less cement does not mean the end of projects to build installations to protect the theater of operations. By the same token, the diminished supply of steel and fuel does not mean that heavy excavation equipment has to grind to a halt.

At this difficult juncture, in 1992 the country exceeded by 35 percent the previous year's total for tunnel construction, which would have been impossible if the entire country had not undertaken the task as a mass effort.

And here lies the factor that may provide the definitive answer: United, we can do it.

ANPP President Meets With Paraguayan Parliamentarians

FL0806014393 Havana Radio Rebelde Network in Spanish 2300 GMT 7 Jun 93

[Text] PRENSA LATINA reports that today in Havana Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government [ANPP], met with a delegation of Paraguayan parliamentarians who is visiting Cuba. The group is headed by Jose Moreno Rufinelli, president of the Paraguayan Chamber of Deputies. During the meeting, which was conducted in an atmosphere of friendship and respect, opinions and ideas were exchanged on different topics of mutual interest. The Paraguayan delegation is visiting Cuba by invitation of the ANPP.

Council of State Vice President Lage Makes 5-Day Working Visit to Chile

FL0706132293 Havana Radio Rebelde Network in Spanish 1155 GMT 7 Jun 93

[Text] Carlos Lage Davila, vice president of the Council of State and executive secretary of the Council of Ministers, will be received at La Moneda Palace in Santiago de Chile on 7 June by Chilean Secretary General of Government Enrique Correa. Lage, in Chile for five days on a working visit, will meet with various ministers involved in the economic sphere.

Lage also has scheduled a meeting with (Jed Rosenthal), secretary of the United Nation's Economic Commission for Latin America, ECLA, as well as an audience at the Chilean Ministry of Foreign Relations.

Meets With Planning Minister

FL0806154493 Havana Radio Rebelde Network in Spanish 0900 GMT 8 Jun 93

[Text] Carlos Lage, vice president of the Cuban Council of State, met just a few hours ago with Chilean Planning and Cooperation Minister Sergio Molina. Several international news agencies have reported that the investment and social-policy experiences of the two countries were discussed at that meeting. Molina expressed interest in Cuba's education and health-care experience, and noted Cuba's successes in the health sphere, including achievement of the lowest mortality rate [as heard] in Latin America and the Caribbean.

Lage is on a working visit to Chile at the invitation of the Chilean government's secretary general, Enrique Correa.

Meanwhile, Jose Montane Oropesa [first name as heard], coordinator of Cuba's national waters and hydrotherapy group, has toured several hot springs in the city of Montecatini, Tuscany Province, Italy. Montane also participated in the 32d international symposium of the Italian association of thermal waters technicians, in the province of [name indistinct], during which (?Cuba's) experience in developing and preserving that sphere was reported on. Montane announced that the next such gathering will be in Havana in December.

Caribbean Colloquium Ends With Declaration, Agreements

FL0706155793 Havana Radio Reloj Network in Spanish 1402 GMT 7 Jun 93

[Text] The colloquium entitled The Caribbean That Unites Us, the main theoretical activity of the Festival of Fire being held in Santiago de Cuba, ended today with a declaration of solidarity and the signing of cooperation agreements.

In the name of the Mexican Va Por Cuba solidarity organization and of Caribbean inhabitants attending the festival, a document condemning the imperialist blockade imposed on the island and demanding the withdrawal of the Yankee naval base at Guantanamo and respect for the principle of self-determination was made public.

Within the Mexican delegation —this current cultural forum is dedicated to Mexico—there is growing support for the idea of taking as much action as possible and of

suggesting to UNESCO that Santiago de Cuba be declared the patrimony of all mankind.

Santiago de Cuba's Caribbean House [Casa del Caribe] and Mexico's General Folk Cultures Council [Consejo General de Culturas Populares] signed an agreement on joint projects, research, and academic exchanges.

Foreign Businessmen's Views on 'Probable' Business Ventures Noted

FL0706192593 Havana Radio Rebelde Network in Spanish 1700 GMT 7 Jun 93

[Text] Reynaldo Endis, president of the Santiago de Cuba Provincial Assembly of the People's Government, had a meeting with a portion of the diplomatic corps, foreign exhibitors, and businessmen who participated in the Expo-Caribe 93 fair in Santiago de Cuba. Here is journalist Margarita Pecora with a report on foreign businessmen's views on probable business ventures.

[Pecora] Foreign businessmen like Rene Ortiz, chairman of the export promotion commission of Mexico's National Association of the Processing Industry [Canacintra], acknowledged having noticed at the Santiago fair magnificent opportunities for feasible, viable businesses that, as he affirmed at the meeting, could set off an explosion of trade between southeastern Mexico and eastern Cuba.

The Mexican businessman revealed the association's interest in nickel and cobalt; the textile industry, which possesses high-quality and technical professionalism; and the rums, especially the traditional "stagger-legged" [paticruzado] rum made in Santiago that is becoming well-known in Mexico. The Canacintra chairman expressed his willingness to negotiate such products, as well as dairy products, which he said are of very good quality, for use in tourism in his country; and he also (envisioned) the possibility of establishing a regular commercial flight between Santiago de Cuba and Mexico, which he said could mark the beginning of stable and direct tourism between Mexico and Cuba's most Caribbean region.

We should recall, friends, that the revolution has invested hundreds of millions of pesos over the last few years in the territory of what used to be Oriente Province, thereby creating a productive and social wealth that is substantial. Along with this, the area has over 1 million workers, who constitute an educated and capable work force, as well as a scientific-technical foundation. These factors make eastern Cuba a virgin emporium of wealth, now ready to open its doors to commerce with the Caribbean.

Inter-Caribbean Affairs

'Substantial Progress' Noted in OECS Summit

FL0406173593 Bridgetown CANA in English 1551 GMT 4 Jun 93

[Report by Peter Richards]

[Text] Vieux Fort, St. Lucia, June 4, CANA—Heads of government from the seven-member Organisation of Eastern Caribbean States (OECS) were in the second day of their summit here Friday, reporting substantial progress in their discussions.

"We are moving along at a very good pace. We will cover all the agenda items by the end today," Montserrat's chief minister, Reuben Meade, told CANA. Meade is chairing the meeting.

The leaders assembled in this industrial town, 48 miles south of the capital, were going into caucus Friday morning to deal with trade and diplomatic issues.

Informed sources told CANA that the leaders were expected to name the high commissioners for their joint embassies in London, Canada and Brussels.

OECS Director General Dr. Vaughn Lewis said at the opening of the summit he hoped the Brussels office would be properly staffed by August.

Meade told CANA that the OECS leaders decided to mandate their sports desk to seek membership of the International Olympic Committee (IOC).

He said they wanted to send one OECS team to future Olympic Games.

"It is something we are hoping will start immediately," Meade said.

He reported that the leaders also reviewed the financial situation of the OECS.

An interim report - from a committee headed by Dominica's parliamentary speaker Crispin Sorhaindo - reviewing the OECS will be discussed by the leaders Friday, Meade said.

OECS member countries are St. Lucia, Dominica, Grenada, St. Kitts and Nevis, Montserrat, St. Vincent and Antigua and Barbuda.

Antigua and Barbuda

Next Governor General Named

FL0406201093 Bridgetown CANA in English 1936 GMT 4 Jun 93

[Text] St. John's, Antigua, Jun 4, CANA—Antigua and Barbuda on Friday named dentist James Carlisle as its next governor general.

He will be sworn in during a ceremony in Parliament next week, perhaps Thursday [10 June], Cabinet Secretary Lounel Stevens said.

Carlisle will be the country's second governor general since independence in 1981.

He succeeds 75-year-old Sir Wilfred Jacobs, reported here to be the longest serving governor general in the Commonwealth.

Sir Wilfred opted for early retirement on medical grounds.

Haiti

Bazin Gives Speech on Sanctions, World Force, Economy

FL0806045893 Port-au-Prince Radio Nationale in Creole 2300 GMT 7 Jun 93

[Speech by Prime Minister Marc L. Bazin, in Port-au-Prince 7 June—recorded]

[Text] Haitian men, Haitian women, my fellow citizens, my friends: Tonight I am not going to tell you about negotiations. When we consider the sanctions that the U.S. Administration took, the government has already denounced the logic of the sanctions, because the government thinks that such logic will not lead anywhere. However, when we read the list of people that the Americans prohibit from conducting transactions, except with a license, when we see the list of people that they decided to freeze their assets in the United States, we think that such an action is unfair and shocking. It is unfair because most of the people affected are high ranking employees who are serving their government or who are serving the Haitian state, their country's state.

Therefore, one asks where would we be today in this world if all businessmen, if all state employees who are living in a country where the United States does not like the politics being conducted, lived in fear of having their assets seized in the United States, or that some transactions are prohibited to them? After that, who can come and talk of freedom of thought, opinion, speech, and private initiative?

The decision is also shocking because what is the crime? The crime is that we oppose a multinational force on the territory, which is formally prohibited by the Constitution and constitutional order. The international community asserts that it is coming to help us set up. Therefore, I need to ask a question within the order that the international community is coming to help us establish. Are there things that they consider that can be established and those that cannot be established? Because in this balance of power, when one looks closer to what happened, many questions must be asked.

It is just like, for example, there are two brothers. Their father and mother die and leave them a nice house. However, they cannot agree on who should be the boss of the house. Therefore, there is a constant conflict. Then, one day one of the brothers goes to see a neighbor. The neighbor is an important man, a rich and powerful man. He tells the neighbor that he would like him to intervene in the conflict. The neighbor says: Gentlemen, I know you. Your habit is to argue with each other, it is to create trouble in the neighborhood. All I can do for you is to come into the house with you and I control what is good from bad. Then, I will be able to help you.

Naturally, once you call on someone to help you because you are in conflict with a brother and he tells you something like that, you see that you might lose the house. Therefore, you tell the person thank you; we did not ask for so much. Then what happens? The person gets angry. He is upset and then starts hitting right and left. We find that attitude very strange for someone who says he wants to help you.

Once again, we told Haitians to ponder well the lesson of this matter of force. It is time for us to stop our stupid quarrels. It is not the appropriate time to refuse to cooperate and do Bazin a favor. It is not the time either to start playing little game with Article 149 in order to entangle the government and to thwart the negotiations. It is time for us to behave as responsible people, to forget our passions, and to sit around a table.

Now, there is the idea of a national conference. We call on everyone, including the international community to support this idea. The government does not trouble itself with method. If someone has a better method, let him speak. We are ready to amend the proposal. We are ready to modify it so everyone can feel at ease at the conference. We say what we have to say in three points: communication, negotiations, and reconciliation. We must find a way to communicate with one another to the exclusion of hearing one another's opinions on the radio. In particular, the consensus and public safety government said as early as the first day: We are here to find a solution acceptable to all parties; we are ready to meet with Father Aristide anywhere, at any time. What we said on that day remains true. We are still ready to meet with Father Aristide within 48 hours, wherever and however he wants.

Personally, what would please me as a Haitian and as head of the government is to see General Cedras and Father Aristide sitting around a table talking. I believe this is what would be good for the country. I also think it is time for the members of the legislative chambers, the Senate of the Republic to consider the question of Aristide's political legitimacy, and to clearly provide a ruling on it.

We say negotiations, yes, negotiations without conditions, without debarment, and without prerequisite so as to put everything on the table. Reconciliation, yes, to have the country awaken again. Otherwise, we will lose the house. Anyway, this is the solution that we see.

Anyone, who believes that he can now make maneuvers, is mistaken and is needlessly prolonging the country's difficulties.

I have come to talk to you tonight about those difficulties. Prices are rising; unemployment is worsening; the country's sanitary and social infrastructures are deteriorating; and the exchange rate of the [U.S.] dollar is rising. Construction and production is stagnating and everyday deforestation is occurring, trees are being pulled up, and mountains are being stripped. As for the purchase power, it is being eroded everyday. Obviously, the situation we are experiencing today was not begun today.

The country has been in a recession for 10 years because of our repeated political crisis and the bad economic policies that we have followed. For 10 years the per capita income has been declining. There has been no investment for 10 years. We have not seen tourists in 10 years.

We must not forget that with each political crisis, for any reason, foreign aid has been cut when we needed it most. There was a special source of financing between 1982 and 1989, but the source of this fund has been cut five times. Therefore, we have recession, economic stagnation; nothing is new. On the contrary, what is new is the embargo that has hit us head on. The little money that we had is frozen abroad. The small jobs that we had are gone. Hundreds of foreign and domestic factories had to close. They prohibited us from selling. Six million dollars of mangoes rotted on the stalk. We have lost 16 million dollars per month in added value [valeur ajoutee] in the assembly industry. The Minoterie [flour mill], the Haitian American Sugar Company, Cement d' Haiti are all closed because there is no raw material.

While we are not selling, we are forced to continue to buy everything that we need—food, clothes, fuel, transport, spare parts, medicines. We must go through a lot by air, road, sea, and naturally by the time you get to buy, it costs you a great deal. Therefore, after two years of such a regime, many people would have already died.

I do not know if you realize that inflation in Haiti last year was 30 percent. Do you know the inflation in Russia last year? 2,000 percent. This year, it is 2,5000 percent. The interest rate there is 130 percent. Do you know what the inflation was in Peru in 1990? It was 6,800 percent. In Nicaragua in 1991, it was 2,800 percent. In Argentina in 1989, it was 3,000 percent. In Europe, in 1990, on average the inflation was 170 percent and I am not talking about Bolivia which in 1985 had an inflation of 23,000 percent. Therefore, it means two things: First, that the capacity of this people is to to resist. Second, their courage and imagination are admirable and we must take our hats off. It also shows that the situation is not out of control and that the price increases and below par rating, are quite some inherent things to the world economy and to all countries' economy. Even the 25 to 30 percent that we have reached, would not be there if inflation did not find a favorable field in the country's economic structure.

What are the country's economic structures? Well, let us take agriculture. Agriculture is a sector which virtually encompasses the large majority of the Haitian population. Unfortunately, it is a backward sector. It is a sector that does not have technology, output, fertilizers, or water. Do you know what this means? This means you are a poor country. What happens in a poor country? Once someone has 1 gourde in his pocket, he goes out looking for something to eat. Every additional person who has 1 gourde in his pocket and who asks for food contributes to an increase in prices.

It is the same in industry. You have an industrial sector that depends on abroad for power, spare parts, and [word indistinct]. It has problems with the currency which is expensive. It does not have electricity. And what is more important, it has a very restricted market. It is an industry that is working in a very small market. This means one cannot take advantage of the fact that there are many consumers to lower one's prices. The industrialists cannot be in wild competition which could allow for lower prices. As the market is small, one must manage in accordance with one's knowledge.

Well, to conclude the question of structures, we have received the latest blow. The coup de grace is the matter of comparative advantages. Over years and years, over the past 25 years, we have been told that as far as Haitians are concerned, our comparative advantages are in the services sector, in the sector of assembly industry. This is what we must do and we must specialize in it. Then, [words indistinct] an embargo is imposed on you and all factories have gone away. At that time, you do not have coffee, cocoa, or sugar to sell. As we have identified the causes of the problem, what I would like to say immediately is that for us, it is not a question of shock treatment that could kill the patient before it cures it because there is no miracle cure which will solve the problem of insufficiency in the agricultural sector, the problem of control of the industrial sector, and which can resolves problems that we cannot export. [as heard] The government does not intend to take any panic measures such as exchange control which would effect the dollar even more; or such as [stammers] dismissal of state employees, which would be something unfair; or the freezing of salaries. We think all those issues, all those measures are panic measures and in our opinion it is up to us to manage the embargo and not have the embargo manage us.

Our objective is not to make the inflation rate go overnight to zero. It is not either to say that we will drop the gourde from 200 percent to 1 dollar. What we want right now is to curb inflation, meaning to control it; to reduce the budget deficit; to control the amount of currency circulating and start looking with more attention at the prices and finally to draw some new resources

in order to invest; to create jobs within what I will describe later as a sliding plan [plan glissant].

In order to reduce the budget deficit, we must spend less money. The state has no money. Each month we spend 95 million gourdes, while we receive 70 million gourdes. This means that we have a monthly chronic deficit of 25 million gourdes and we must finance with monetary creativity. Therefore, the state must be able to spend less money and save. We have already said that we would not hire new employees. The December bonus will not be paid. We will not increase any salary. We are going to clear up the personnel file in order to detect various zombie checks [checks written to people who do not exist] that we suspect exist.

We are going to painstakingly verify the use of many checking accounts that from October 1992 to April 1993 transacted 173 million gourdes. Many public firms are losing money. They are not running normally and we see that they have funded 75 million during the past six months. We are going to make an audit of those public firms, an independent audit with people who have nothing to do with the state so that we can find out how much money they have, where did the money go, and if some measures must be taken, if they must be closed, we must close them. If they must be restructured, we must restructure and if they must be sold, we must sell them, we must put them in private hands.

As for the economy, it is a nice thing. However, it is necessary to increase the state's resources. In order to increase the state's money, we are going to adjust the tax value of imported goods to a rate that will soon be published. Naturally, such measures necessitate reinforcing control in the harbors, airports, and on the border zones.

We are going to take some action against smuggling. We are going to install various customs stations at the north and south entrances of Port-au-Prince. Their mandate is to verify that merchandise going to the north or south of the country meets all the required conditions and everything inside the truck is paid as required.

As to granting exemption from customs duties, we have granted exemptions from customs duties that have cost us approximately 10 million gourdes per month. We are going to put an end to that. We are going to enforce a toll on the main roads. We are going to reactivate the toll system at the rate of three gourdes per vehicle. The question of occupying state-owned lands without paying fees is also over. We are going to raise the rate of leasing state-owned lands.

I just said that one of the reasons why the U.S. dollar exchange rate is rising so fast is that many people are speculating and if those people are speculating, it is because they have many gourdes and they are not using those gourdes to productive purposes. So, we are going to take several measures to reduce the amount of dollars circulating needlessly....[corrects himself] the amount of gourdes circulating needlessly and looking for dollars. We are going to discipline the market. We are going to discourage any discredit intended for speculation. By the way, I will point out that the government received only a slight portion of the 500 million of the recent monetary issuance ceiling and the biggest portion was absorbed by other sectors that invested in activities which do not create much work.

Still on the subject of fiscal receipts, we are going to undertake a special action to a certain category of taxpayers. At the moment, there are people who owe the General Directorate of Taxes approximately 378 million gourdes. We are going to talk to those people about those arrears so we can see what method of payment we can have. Second, and more generally, in Haiti there are 180 people whose taxes represent 80 percent of the total receipts when they pay their taxes. Thus, we are going to communicate with them to give them explanations on the economic and financial actions of the government because what those people tell you most of the time—and they are right, you cannot reproach them for that—is that when they pay taxes and see that someone takes the money and puts it in his pocket to settle his personal business, that it hurts them. As far as we are concerned, we are going to establish a communication network with them so we can—at the same time—solicit their contributions and show them where the money will go not only in general terms, but also in a specific manner so we can familiarize them with the achievement of projects and use them as partners just like the government did for the national sponsorship plan.

Now, fellow citizen, there is a matter of price. What is happening today in many situations shows the government that it must watch to see if people are taking advantage of the devaluation of the gourde and the dollar exchange rate to enhance their profits.

[Text] Note that our idea is not to prevent someone from increasing his prices, because various prices depend on numerous special factors of the exchange rate. The idea is not to start controlling profit that people make. The only thing that we ask businessmen and manufacturers is not to be too unreasonable, that they are not too greedy. It is a challenge for us. This challenge is based on the voluntary support of all the people in charge of the industrial and trade sectors, to help the government in a system of price watch at more or less regular intervals.

The principle is simple. For a person to readjust his prices, it is necessary that the price submitted is equivalent to the increase in cost. We must see the relation between the price asked and the increase in the cost that one has. We must then ask the firms to increase their productivity, to constrain prices to a maximum and that of course, their profit margin is reasonable so that they maintain it at a constant level and within the limit of course of the use capacity. Naturally, as for trade, only the large realm would be concerned since that is where it is most practical. The Minister of Commerce would establish a structure of cost and at any time, it could

decide to investigate the increase of costs in a determined sector in a period between two adjustments in price lists in order to see if the modification in prices, corresponds to a real increase in cost.

We are going to hold a campaign on prices. We must say no to inflation. The purpose of this campaign is to teach the consumer that he too is responsible for prices so that he can check if prices increase too fast between two purchases. Having said so, we are asking for a great effort of solidarity. However, such an effort is not limited and we cannot limit it to certain special categories of people. All of us have a role to play. What we notice today is that many of our fellow citizens are living as if the country were not under an embargo. They do not sacrifice. Their lifestyle, what they are used to, remains the same. They continue to send their children on vacation abroad. They use their cars to go 100 meters down the street. They would never think that they are alone in the car. They would not think that considering the embargo fuel is expensive and that they could give a neighbor a ride or take public transport. Therefore, as for fuel, as you know, the Central Bank imports, sells, and invoices fuel. We are going to contact them to see how we are going to assess the structure of the cost prices so that we can determine what margin of action the government has in order to induce the consumers to reduce their consumption and to better share the sacrifices between consumers, carriers, distributors, and retailers

All that is to say that it must not be a matter of government all the time. All groups in society must have concern for the common good and all of us must lend a hand to doing something whether it was something we used to do but we stopped doing it.

In conclusion, I will tell you, if everything goes well, if the measures that we have taken.... [corrects himself] that we are going to take manage to reduce the volume of gourdes that are circulating. If we manage to increase the government's resources, it is not only to deal with the day-to-day matters—like I can tell you—a little less bad than before. [sentence as heard] The intention is to lead all those resources. We are going to create work through an overall plan which is an economic and social reconstruction plan, what we call a sliding plan. We will make it known in July. This plan is sliding because we will update it as money comes in. The way we conceive it, everyone should be able to use it as an economy.... [corrects himself] as a reference macroeconomic document regardless of the political juncture—whether there is embargo or not—because the main characteristic of the plan is to integrate all the sectors including the private sector, the public sector, nongovernmental organizations, the local elected representatives, the senators, and the deputies into a great process of decentralization mainly centered on the achievements of projects of economic, social, sanitary, and human infrastructures.

Fellow citizen of mine, friends of mine, as I told you.... [changes thought] At the beginning of this speech, to summarize the action plan of the government in the immediate crisis, I used three words, I said: communication, negotiations, and reconciliation. Well, in our vision for the future, I would like to summarize the prospects—as you see—in three words as well: unity to save the national independence, tolerance to save democracy, and work to ensure development. May the God of the believers help us and support us. Good night.

Bazin Appointees Reject Ministerial Posts

FL0806174093 Port-au-Prince Signal FM Radio in French 1030 GMT 8 Jun 93

[Text] Pierre Mathurin, one of those appointed by the consensus prime minister in the reshuffle of the ministerial cabinet, told Signal FM on 7 June that he will not participate in Bazin's new government, citing the fact that the Villa d'Accueil tripartite agreement and the 1987 Constitution do not confer on the prime minister the right to dismiss or appoint ministers. The new planning minister said he is ready to help the country, but not under just any conditions.

[Begin recording, in Creole] [Mathurin] He assured me yesterday that there would be no legal or constitutional problem. It was under this sole condition that I accepted. I also prepared for the installation ceremony because they told me very late this morning that it would take place this afternoon at 0100. I was ready as early as 0830 when friends advised me that stands had been taken by some others who have also been appointed, that jurists question the legality, the constitutionality of the thing. This means I will not enter into all the details. It means that so far as I am concerned, your question was: is there an obstacle? Yes, there is an obstacle.

[Unidentified correspondent] Does that mean you have dismissed the appointment until further notice?

[Mathurin] I know the installation ceremony was scheduled for 1800 GMT, but I did not go.

[Correspondent] Is that a clear way for you to say that you have dismissed the appointment?

[Mathurin] Certainly, I am sorry because I believe, as I told you, that one must help one's country, but under conditions well [changes thought] clearly... In my opinion, a door must be opened or closed. [end recording]

That was an exclusive interview with Pierre Mathurin, head of the planning cabinet, minister-designate in the Department of Commerce. On 7 June, Axan Abelard and Charles Beaulieu, also minister- designates, both counselors in the cabinet of the prime minister, also seemed to oppose their appointments as members of the ministerial cabinet.

We will speak in a moment about the failed installation ceremony. It went wrong at the request of the Senate of the Republic. It appears controversial because the Senate asks the government to defer this matter until the concerned parties provide a response.

Ousted Minister Fort Supports Continued Negotiations

FL0806161393 Port-au-Prince Signal FM Radio in French 1030 GMT 8 Jun 93

[Text] President Jean-Bertrand Aristide remains the unavoidable element, stated Wiener Fort to a group of journalists on 7 June following a joint declaration by him and the other three ministers dismissed by Bazin. The declaration was in response to Bazin's decision to reshuffle the ministerial cabinet. In favor of a negotiated solution to the crisis, Minister Fort expresses support for Haiti's revival without indicating whether he is for or against the return of Aristide.

[Begin recording] [Fort] I do not want this consensus to er '. Negotiations are being held. This is our only chance. If the socioeconomic and political situation must be resolved without honest talk about negotiations, while President Aristide—whether in his favor or not—is an unavoidable element, he remains the unavoidable element, regardless of whether one is for or against him.

[Unidentified correspondent] You then give your backing to Aristide's return?

[Fort] I do not give my backing to anything, but I want this country—within the conditions of public finances—to get out of this crisis so the Haitian people can eat their fill, speak, and completely free themselves from the constraints that result from the country's underdevelopment. [end recording]

Wiener Fort has not given up politics. He does, however, reject the idea of cooperating with Prime Minister Marc Bazin.

Joseph Nerette Announces Return to Power

FL0806170393 Port-au-Prince Radio Metropole in French 1045 GMT 8 Jun 93

[Text] Former provisional president Joseph Nerette announces his return to power. In a message addressed to the nation, a copy of which was sent to Radio Metropole, the former president asserts that he had never resigned from his position. As a result, Justice Joseph Nerrette, whose assessment of the 12-month Bazin administration is a negative one, believes that the time has come for him to resume his duties and constitutional prerogatives by announcing the following measures:

First, the head of the executive power declares the Villa D'Acceuil tripartite agreement null and void.

Second, he acknowledges the motion of censure legitimately voted by the Senate of the Republic on 2 February 1993 against Prime Minister Bazin. He asks all ministers appointed by the 22 June 1992 decree to maintain their posts until a new government is formed.

Third, in announcing his return to the provisional presidency, Justice Joseph Nerette also made public that he would begin necessary consultations with all national parties and sectors for the formation of a government of unity, national reconciliation, and social harmony.

Roy Calls For Conference, Warns of Political Vacuum

FL0806204693 Port-au-Prince Radio Metropole in French 1600 GMT 08 Jun 93

[Statement by Jean-Claude Roy of the Union of Haitian Constitutionalists, in Port-au-Prince; date not given—recorded]

[Text] I am making an insistent and urgent call to wisdom, to public spiritedness, and to the patriotism of all Haitians. We are in the middle of a governmental crisis. Bazin is no longer leading. There is no government. Even his close colleagues refuse to take office because they consider his act arbitrary. Alliance legislators are distancing themselves. At the [ministerial] installation ceremony, demonstrators were demanding Bazin's departure. PANPRA [Nationalistic and Progressive Revolutionary Party of Haiti] and PDCH [Haitian Christian Democratic Party] have withdrawn their members from the government. And while Bazin's only ally is his shadow, he gives us a cock-and-bull speech on the economy instead of giving his government's resignation.

No one can doubt that we have been drowning in absurdity for too long. All our institutions have failed. We are in an institutional vacuum. I remind those who can understand it that nature abhors a vacuum. If we want to warn the nation of the dangers threatening it, we must hold a national conference. I am therefore calling especially on the presidential commission and on FNCD [National Change for Change and Democracy] to understand the seriousness of the situation by repeating to them that nature abhors a vacuum. We must now, more than ever, gather around a table to find together a durable solution to this crisis that is gnawing and dividing us.

FNCD Proposes Steps After Bazin Government Breakup

FL0806211393 Port-au-Prince Radio Metropole in French 1600 GMT 8 Jun 93

[Statement by National Front For Change and Democracy, FNCD, members Victor Benoit, Turneb Delpe, and Evans Paul, in Port-au-Prince on 7 June—recorded]

[Text] People of Haiti: Since the morning of 7 June, the political crisis opened by the 30 September 1991 coup d'etat has taken on a new dimension with the breakup of the de facto government led by Marc L. Bazin, dismissed by the Senate of the Republic on 2 February 1993. It is a situation that is pushing to the brink of ruin a nation threatened by the worst of unpredictable consequences. In this dangerous situation, FNCD calls on the patriotism and lucidity of all sectors.

FNCD, in an effort to embrace its political responsibility to avoid a political catastrophe for the nation, asks first, that the military withdraw from the political scene; and second, that the presidential commission ensure, for the time being, executive power in the spirit of Article 148 of the Constitution while waiting for President Aristide to begin procedures for the establishment of constitutional order, including the designation of a prime minister.

FNCD invites the entire nation to support this initiative, which has the advantages of helping the country return to constitutional and democratic order without violence and of launching the country on the path of national concord. FNCD asks the international community to support such a proposal within the scope of its present commitments to help extract the country from crisis.

Bazin Issues Statement Announcing Resignation

PA0806171093 Paris AFP in Spanish 1646 GMT 8 Jun 93

[Text] Port-au-Prince, 8 Jun (AFP)—Prime Minister Marc Bazin issued a statement on 8 June announcing his resignation and adding he would cease his functions at 1600 [2100 GMT].

"I am ceasing my functions as prime minister as of 1600... because of all the pressure and threats against those persons I had chosen to be a part of my new cabinet team and their families," the statement indicated.

Persons close to the former prime minister said Bazin resigned because he failed to get the support of the top military command following his unilateral decision to reshuffle the cabinet on 4 June, which prompted the departure from his Cabinet of Christian Democrats and later Socialists.

Press Release Details Resignation

FL0806175693 Port-au-Prince Radio Metropole in French 1600 GMT 8 Jun 93

[Text] The main headline of this newscast and the sole news of the day is the resignation of Prime Minister Marc Bazin who has announced that it will be effective this afternoon [8 June] at 2000 GMT. From the press communique signed by Prime Minister Marc Louis Bazin, we read the following:

In order, on the one hand, to stabilize public finances, and on the other hand, to give a new impulse to the search for a negotiated, peaceful settlement of the political crisis, within the scope of a national conference, a ministerial reshuffle has become necessary.

Due to pressures and a multitude of threats against the persons and families of those I chose as part of the new ministerial team, on 7 June I found myself unable to install the new government. On top of that, there is the in-extremis withdrawal of our Nationalistic and Progressive Revolutionary Party of Haitian partners. The parliamentary majority, which is essential to the consensus government's fulfillment of its essential mandate—finding a solution to the political crisis that is acceptable to all parties—has let him down in the end. I will therefore stop the exercise of my post as prime minister as of 2000 GMT this afternoon.

So says the press release signed by Prime Minister Marc Bazin.

Nerette Calls Extraordinary Session of Council of Ministers

FL0906020093 Port-au-Prince Radio Metropole in French 2200 GMT 8 Jun 93

[Text] This afternoon, we received a memorandum from Dr. Louis Antoine Auguste, secretary general of the Council of Ministers of Justice Joseph Nerette, on a paper bearing the letterhead "Provisional President of the Republic." We read [a portion]:

By order of the provisional [and] constitutional president of the Republic of Haiti and following his message to the nation on 7 June in which the provisional president announced to the nation that he had resumed his post and his constitutional prerogatives, Council of Ministers Secretary General Louis Antoine Auguste invites the ministers to meet at the National Palace on 9 June at 2000 GMT.

The provisional president, [who is also] president of the Council of Ministers, is convening an extraordinary session of the Council of Ministers on Wednesday, 9 June, at 2000 GMT at the National Palace.

In the meantime, continues the communique, the ministers are requested to stay at their posts to deal with the day-to-day matters of their respective ministries [in accordance with] Article 165 [of the Constitution] so that the transition between the consensus government and the new union, national reconciliation, and social peace government may be carried out in a democratic manner with continuity of the state.

This has been an excerpt from a communique published tonight by Dr. Louis Antoine Auguste, who says he is the secretary general of the Council of Ministers of a government presided over by Justice Joseph Nerette, who tonight is proclaiming himself president of the Republic.

No Comment From Army, Parliament on Bazin Resignation

FL0906022593 Port-au-Prince Radio Metropole in French 2200 GMT 8 Jun 93

[Excerpts] Two hours after the resignation of Prime Minister Marc Bazin, Port-au-Prince is quiet. Although it is quiet, there is great political confusion. The parliament and the Army, to whom the former prime minister virtually handed power, have not yet reacted. A new element has been added to the issue: Former President Joseph Nerette has convened an extraordinary session of the Council of Ministers, to be held at the National Palace on 9 June at 2000 GMT.

Meanwhile, deposed President Aristide calls on the OAS secretary general to go to Haiti to seek a constitutional solution to the crisis. Perhaps in a few days, Jean-Bertrand Aristide will enter Haiti.

In the meantime, at least two scenarios have been put forward to resolve the situation created by Bazin's resignation. Here are details on the situation by Clarens Renois.

[Begin recording] The Bazin government was unable to withstand for 48 hours the most serious political crisis it had faced. Marc Bazin announced his resignation. [passage omitted]

In announcing that he would cease to exercise his duty [as prime minister] at 2000 GMT this afternoon, Marc Bazin undoubtedly tried to give time to the institutions, in this case, the Army and the Parliament, to provide for his replacement. Great political confusion was and still is prevailing in Port-au-Prince. Uncertainty hangs over the country. On 7 June, the provisional president who had been retired since 19 June 1992 announced his return to power and asked the government to stay active until the formation of a new union, national reconciliation, and social peace government. Twenty-four hours later, he is convening the Council of Ministers at the National Palace.

In this chaos it is difficult to predict the profile of new power. Proposals for solution are contrary to one another, even though they all claim to be based on the fundamental law of the Constitution. Some demand the application of Article 149 while others demand the application of Article 148. The National Front for Change and Democracy desires that power be handed over to the [pro- Aristide] Presidential Committee [presided over by Father Antoine Adrien]. Ousted President Jean-Bertrand Aristide hopes to return to power in a few days. The country has been without a ruler since this morning, and even before that. The National Palace will undoubtedly remain without either president or head of government tonight unless a last-minute solution is imposed.

The Army's stand in this period of chaos is not known. So far, military leaders have refused to comment. However, according to rumors that were circulating in Port-au-Prince, Bazin fell from the grace of high-ranking Army members who allegedly disapproved of his latest decisions, notably the ministerial reshuffle of 4 June.

In this confused situation, the questions are: Who will be the head of state, and who has been heading the Haitian government since 2000 GMT this afternoon? Marc Louis Bazin, who signed his resignation on this 8 June, became prime minister of the Republic on 19 June 1992 through an agreement signed at Viila d'Accueil between the Army, the parliament, and the executive of that time. In accepting the post of prime minister, Bazin committed himself to undertake negotiations with the international community to find a solution to the political crisis arising from the 30 September 1991 coup d'etat. [passage omitted]

Trinidad and Tobago

Manning, German Company Sign Memorandum of Understanding

FL0406174593 Bridgetown CANA in English 1614 GMT 4 Jun 93

[Text] Port of Spain, Trinidad, June 4, CANA—Trinidad and Tobago's prime minister, Patrick Manning, expects the construction of a billion dollar (1 T&T dollar ; 17.5 US cents) methanol plant to generate employment for 1,000 persons "at peak."

Manning spoke about the plant and its employment potential in Germany during the signing of a memorandum of understanding between the Trinidad and Tobago Government and the German company, Ferostall.

Manning, on an official visit to Germany, said that in the construction stage which was expected to last 30 months average employment would be around 500 persons. Employment would peak at 1,000 persons, he reported.

When the plant is in operation, it would employ "directly and indirectly" between 300 and 400 persons.

The government is divesting part of its shareholding in the Trinidad and Tobago Methanol Company and putting the two plants into one arrangement in which the government would be a joint venture partner with Ferostall.

"It is an unusual way and it is the first time in our divestment programme that we have chosen this way, which expands the country's economic base and its foreign exchange earnings," Manning was quoted here as saying.

The government, he added, recognised that quick decision-making was an essential element in the conduct of business in Trinidad and Tobago if it wanted to become the business and financial centre of the Caribbean and the gateway to Latin America.

Manning said he hoped the deal would provide an example to companies inside and outside Germany which are looking around for a safe and stable country for investment.

Drug Related Violence Continues in Guadalajara, Jalisco

PA0606193393 Mexico City XHTV Television Network in Spanish 0200 GMT 5 Jun 93

[Report by Salvador Chavez Calderon]

[Text] Guadalajara has become the scene of violent armed clashes between drug trafficking gangs. Several people have been wounded and 10 have died in 10 days of violence. The wave of violence reached its peak on 24 May when rival drug traffickers faced off at the Guadalajara airport killing 7 people, including Cardinal Pozada. Drug traffickers took to Guadalajara streets again on 3 June and had two shoot-outs with police. Several agents were wounded and two drug traffickers and one policeman were killed.

The residents of Jardines de Universidad, a residential area in Zapopa, lived through three hours of anguish. Federal Judicial Police [PJF] in Jalisco, backed by Army troops investigating the 24 May events at the Miguel Hidalgo International Airport in Guadalajara, discovered yet another so-called drug trafficker safe house at 5190 Aldous Huxley Street. The Jalisco PJF had been watching the house for three days.

The incident began when police tried to arrest several people who had arrived at the house in a compact car. The men opened fire on the security forces, killing Military Policeman Enoch Campos Perez. The drug traffickers launched a grenade at the policemen, but it fell into an empty lot without exploding. One of the alleged criminals escaped through the roof and broke into 5184 Ricardo Giraldi Street, taking a woman and her two children hostage. Reinforcements were called from the 15th Military Zone and a wide area was cordoned off. The police first tried to convince the criminals to surrender.

[Begin unidentified policeman recording] We will protect your life. You will not be mistreated. You are completely surrounded and you will not be able to escape. It is better to come out with your hands up. You will be respected. Otherwise, you will not be well-off. [end recording]

Jalisco PJF Commander Antonio Bejos Camacho later explained that the individual did not surrender and tried to trick police.

[Begin Bejos recording] He came out waving a white handkerchief after we fired the tear gas, but I noticed he had the white handkerchief in his left hand and he was holding the machine gun in his right hand. He came out with the handkerchief up high and he began to bring it down slowly. I shouted for everyone to take cover because I realized he was going to shoot. [end recording]

Then the heavy shooting began. When it was over, the criminal was dead and the family whom he had used to protect himself was rescued safe and sound. Bejos Camacho, six PJF men, and one Zapopa municipal policeman were hit by gunfire, but their bulletproof jackets saved their lives. The PJF chief was wounded in one arm. Only Judicial Police Agent Fernando Vega Urzua remains in the hospital.

Policemen then searched the property and found weapons, grenade launchers, and PJF badges. Five people are in custody and a search continues for other criminals. PJF Chief Antonio Bejos Camacho stated that the casualties sustained in the 3 June battle have not reduced morale among the troops.

[Begin Bejos recording] It is war. That is what war is like. There are winners and losers. Now we are going to review the situation, because we ought to have at least a 51-percent chance of winning the war. It makes no sense to go in to lose. No one here is disappointed; absolutely no one. [end recording]

He added that there is high morale in the ranks thanks to the words of encouragement of federal authorities delivered by Attorney General Jorge Carpizo McGregor, who said that the final objective is to eradicate the drug trafficking gangs who have set up shop in Jalisco.

Officials Arrested in Connection with Guadalajara Shootout

PA0806210893 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 8 Jun 93

[Report by Ramiro Escoto]

[Text] The Government of Jalisco State and the Attorney General's Office on 7 June reported the arrest of more persons implicated in the shoot-out that occurred during the week of 20 May in Guadalajara, Jalisco.

In a communique issued on the evening of 7 June, the Government of Jalisco and the Attorney General's Office began criminal actions against Federal and State public workers who were probably involved in the 24 May shoot-out that left seven persons dead.

The officials who were arrested are: Francisco Antonio Ovejos Camacho, Jalisco State Judicial Police director, who was arrested due to his probable participation in bribery; Salvador Peralta Perez; Daniel Zarate Rodriguez; and Cesar Perez Perez. They are all former commanders of the Federal Judicial Police based in Jalisco. Jorge Abel Matias Castaneda, secretary of Lieutenant Francisco Antonio Ovejos Camacho, and Zapopan Police Director Luis Octavio Lopez Vega were also arrested. They are all allegedly implicated in bribery, according to Joaquin Guzman Loera, alias El Chapo Guzman. Guzman reportedly paid them money in exchange for security.

It was learned that the juridical situation of those implicated in this case will be determined in the next few hours.

Attorney General Comments on Drug Investigations

PA0806213093 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 8 Jun 93

[Report by Juan Manuel Pereira]

[Text] On 7 June, the attorney general held a long meeting with deputies. They exchanged views about different topics. Later, the press talked to the attorney general, because he had recently chosen to talk to only one media source. The attorney general also talked to the press on different topics.

Attorney General Jorge Carpizo has admitted that there are ties between Federal police officers and drug lords. He even reported that within the Attorney General's Office there are traitors who warn mafia leaders of investigations being carried out by the institution.

[Begin Carpizo recording] There are traitors among us. In other words, drug trafficking mafias have been able to infiltrate the Federal Judicial Police with some agents. [end recording]

Attorney General Carpizo pledged before lawmakers to offer results to society on the bloody events in Guadalajara, adding that if no results were achieved, he would resign. He stated: I do not believe in good intentions. I believe in results and if there is someone who is better than I am, they are welcome.

Carpizo talked with legislators for more than three hours on the 24 May events in the capital of Jalisco State, where Cardinal Juan Jesus Posadas Ocampo was killed. He admitted that the problems are difficult and regarding this incident, more arrests of police officers will be made. He added that five more drug lords are under investigated.

[Begin Carpizo recording] The war against drug trafficking is that, it is a war. I still think that many sectors of society do not want to accept this. This is not a problem of the government, political parties, or social groups alone, it is a problem of all Mexico. [end recording]

Carpizo asserted that after the Guadalajara case, the results against drug trafficking groups have improved. He explained that 36 homes, 114 long-range weapons, 274 grenades, 36,000 cartridges, and 41 vehicles, most of which were armored, have been seized. He added that 13 persons have been arrested in connection with drug trafficking operations in the country.

Carpizo noted that there is no confusion in the investigations. He said that confusion is being generated to undermine the struggle against drug trafficking.

The attorney general reported that a third group of drug traffickers, which is based in Tamaulipas, is being investigated.

Concerning the case of journalists implicated in drug trafficking activities, the attorney general reiterated that there are no lists but that investigations continue, in keeping with the juridical framework of the country.

Attorney General Carpizo recommended that legislators legalize rewards and review the juridical framework against drug trafficking. He concluded that the war against impunity will be fought to the bitter end.

Salinas Marks Press Freedom Day

PA0806220193 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 8 Jun 93

[Excerpt] President Carlos Salinas held a breakfast for journalists on 7 June. It was a brief but very interesting meeting with the media. A review of the relations between the government and the media in the past five years was made. There was something there that grabbed our attention. It was how another group of professionals is being included in the commemoration of freedom of the press day. Not only the usual workers of journalism such as reporters, commentators, and writers were present. Another group is now being included and I believe that in the country's media, they are becoming increasingly essential. I am talking about media researchers. They also help us understand the whole picture. It would be very difficult for an untrained journalist to work.

Freedom of the press day was celebrated at the Los Pinos presidential residence. I repeat, it was a breakfast. Among the many things mentioned by the president, freedom of the press is an inalienable right of the Mexican people.

President Salinas noted the government's high regard for journalism:

[Begin Salinas recording] For our fellow countrymen, freedom of the press is an inalienable right. It is a basic commitment, the starting point, and the primary goal of the relations between journalists and society as well as with the Mexican State. [end recording]

A rooftop garden breakfast was held at the Los Pinos Presidential Residence for journalists and directors of the national newspapers and radio and television stations.

President Salinas said change is the common denominator of Mexican media. This requires journalists to update themselves and forget about their differences in order to build a new understanding between society and the media.

The breakfast put an end to the traditional supper held by the country's newspaper directors for the chief executive. During the breakfast meeting, President Salinas reiterated his willingness to place the NOTIMEX News Agency at the service of journalists and media so that its subscribers can be part of the development of this agency by means of reaching participation agreements.

President Salinas later reviewed the changes in the relations between the State and the media as well as

society. He talked about the opening of borders for the free import of paper as well as privatization, among other topics.

[Begin Salinas recording] I want to reiterate that this is a process for the drafting of agreements so the country can have an organized communication system and a rational plan to establish high forms of consensus and cohesion throughout our Republic. [end recording] [passage omitted]

Human Rights Commission Reports to Salinas

PA0606163493 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 4 Jun 93

[Text] President Carlos Salinas de Gortari received the annual activities report from the National Human Rights Commission for the period beginning May 1992 through May 1993. Commission President Jorge Madrazo read the report and noted out that the violent events that have occurred in our country in recent weeks should strengthen the conviction that the fight against crime must be based on full observance of human rights.

[Begin Madrazo recording] Mexico has been able to defeat the mistaken notion that crimes must be punished in a criminal manner. We must not take a single step backward in this battle. [end recording]

Madrazo regretted that the commission has encountered some resistance to its work among the lower courts in the judicial branch. He said the most serious problem confronted by the commission is that its recommendations are only partially implemented.

[Begin Madrazo recording] Of the 260 recommendations made during the period covered by this report, 49 recommendations were implemented and 186 partially implemented. [numbers as heard] [end recording]

President Salinas ordered the Attorney General's Office and the Federal District's Attorney General's Office to enforce their actions and authority and thus implement the commission's recommendations.

He added that despite the progress made in terms of the commission's credibility with society, some important tasks still remain in the area of human rights.

[Begin Salinas recording] There has been progress and some goals have been met, but some very important tasks lie ahead. We all know that the commission's efforts have won society's trust and support. In this commission we Mexicans have a legal instrument to strengthen justice, which is the substantive foundation of the state. [end recording]

El Salvador

Cristiani Marks Fourth Anniversary of Inauguration

PA0406184993 San Salvador Radio and Television Networks in Spanish 1823 GMT 1 Jun 93

[Speech by President Alfredo Cristiani on the fourth anniversary of his inauguration, at the Congress building in San Salvador—live]

[Text] President of the honorable Legislative Assembly and deputies; president of the honorable Supreme Court of Justice and magistrates; vice president of the Republic; your excellencies ambassadors and honorable heads of diplomatic missions accredited in the country; cabinet members; municipal mayor of San Salvador; honorable representatives of international organizations; Salvadoran people:

We are here for the fourth time on the occasion of another anniversary of our presidential mandate to present a report before the highest institution representing the Salvadoran people. This report concerns the country's situation and the results of government plans during a momentous time in the life of our nation, which we serve and to which we owe all our dedication and efforts.

We want to state before this honorable Legislative Assembly that our report will not be an extensive catalog of efforts and achievements in the political, economic, and social fields, as ministers will include that information in their respective memoirs. It will be a general analysis, from the government's point of view, of actions taken during the past year that ends today, which has been one of the most intensive and complex but at the same time one of the most promising years in recent times.

Our government emerged from the exercise of the people's democratic will. This committed us from the first day of our mandate to dedicate all our efforts and abilities to strengthen, consolidate, and contribute to establish permanent democracy in our country. During the four years that have passed since we assumed such a great responsibility, the Salvadoran democratic process has been linked to a peace process necessary to end satisfactorily the armed conflict that burdened and drained our beloved fatherland. Like an extraordinarily nourishing graft, the peace process has given new strength and drive to the democratic process, to the point that at present both processes are practically identified as one effort, accepted and assumed by the majority of Salvadorans and which may be summed up in one phrase: consolidating democracy by reaching a basic understanding among all sectors to define the main points of a permanent national plan.

In the area of democratization, the past year was truly fruitful. When we delivered our previous report, we were only beginning the postwar period, and we were facing initial difficulties in implementing the peace agreements. That situation was a very tough test for our democracy. During the past year, democratic mechanisms have permitted reasonable understandings, making it possible to resolve very serious problems and to keep the process going.

Another aspect confirmed during the past year was that only through the participation of all sectors, each one in their respective sphere—political, social, or professional—can a process as complex and dynamic as this one advance satisfactorily. At no time throughout the past 12 crucial months has there been any rupture of national possibilities for understanding, any return to the violent methods of the past, or any worrisome threats of breaking the established legal order.

Indeed, there have been moments of tension, times of uncertainty, and moments of unavoidable nervousness, but everything has been resolved with a minimum degree of prudence, which perhaps still surprises many people. Those who have always trusted the positive underlying energy of our society view this as the open expression of something the Salvadoran people have wanted for a long time: to recognize themselves as a whole and live and work under a fair peace. This is why we highlight the strengthening of democratic mechanisms as the major national accomplishment of the past 12 months, as an expression that the entire country is moving toward stability.

Each day we see stability more possible and less likely to be threatened by regression or irrational outbursts. In this, we must honestly and realistically recognize that the credit does not belong only to the government but to all Salvadorans. Most Salvadorans clearly understand that this is a national challenge and a process in which we all, absolutely all, have a role to play and a responsibility.

To make this recognition before this august people's chamber is to recognize too the active work of the deputies of this assembly. There is no doubt in our mind, as there has never been a doubt, that the great challenge of this government period would be the attainment of peace, when it seemed the armed conflict would be a painful reality we would have to live with for a long time. Since the beginning, we devoted ourselves to promoting a process that was feasible and laying the economic foundations to bring order to this important area of national reality. This would permit us to face the postwar problems and achieve total, sustainable, and fair development in the least possible time.

The period I describe in the report was marked by an intense accumulation of events resulting from compliance with the commitments made in the peace agreements. As I have done in the past, I will continue to prove my resolve to fulfill those agreements within a legal framework and without disregarding the country's institutional stability, which is fundamental. To this end, I am pleased with the progress achieved.

It is necessary to recognize that the timetable for compliance with the agreements has been adjusted. Every unbiased analyst knows that the original timetable—given the conditions under which it was agreed to—was more political than realistic. This must not surprise anyone, because the entire process is an immense unprecedented effort in our history. In reaching an original agreement, one always runs the risk of going beyond what can be achieved at a specific time. But we are happy to say that no commitment has been broken; no one's opposition has created an unsurmountable obstacle to any obligation derived from the accords, and reasonable understanding has prevailed even during times of great tension.

The government has always maintained an unequivocal positive attitude with regard to fulfilling its responsibilities in the peace process. Everyone knows that as the legitimate representative of the country's institutions, the government has a double and essential commitment: to honor its official word before the national and international community and to oversee that such compliance respects the legal and institutional order so that no unbalance that may undermine the very peace process is generated. In this regard, we are honored to express before this honorable chamber that the institutional and legal aspects derived from the agreements have evolved satisfactorily.

There are new institutional areas that require not only a great organizational effort but also large economic resources. This is the case of the new public security force embodied in the National Civilian Police [PNC]. The delay in the PNC's becoming operational is not a problem of political willingness but of a lack of financial resources. Everything that has been done so far in that area comes mostly from our own financing. Given the magnitude of the project, large international contributions are required. At this time, we reiterate the need for international contributions.

The reform of the Armed Forces has been just about concluded. Anyone who reads the peace agreements would know that that reform is very broad and it requires a great effort. It would not be fair, in this general assessment of the process, not to mention that the Salvadoran Armed Forces have internally brought about a positive change of attitude toward their role as outlined in the Constitution. This has commendably facilitated the advancement of institutional changes.

The General Command of the Armed Forces, responsibility bestowed upon me, has at all times had the cooperation of its commanders and, on our part, the institution also has always had the necessary support for its growing effort at professionalizing itself in accordance with the country's new conditions.

It has not been easy to attain advances with regard to the problem of lands located in the former conflict areas. The mechanism established in the Peace Agreement responded to the requirements of the State of Law, in which the legitimacy of property acquired in accordance with the law is recognized without doubt, without forgetting that, in this case, there was a very realistic problem originated by the settlers' movements generated by the conflict.

Progress, even in this very sensitive and delicate area, is measurable. There are means of solving specific problems. Despite the serious lack of funds, the government has not neglected the progress in the property transfer process, with total respect for the law, which is one thing that is clearly recognized in the Peace Agreement itself. Everything must be done in accordance with the law; there is no doubt about this. We will go from the law to the law on this issue, as with everything else that has to do with the peace process. This means that there will be no place for disorder or arbitrary actions. Without a doubt, this will benefit all because the stability of the process on this issue depends on satisfying the owners and the holders alike, and making such solutions be of a permanent institutional nature, not a passing political motivation.

We mentioned that one of the most important events of the year is the installation of the economic and social consultation forum. Even though it is one of the pledges derived from the peace process, we want to emphasize that—as many other aspects of this process—the search for and achievement of this type of agreement has always been foremost in our concept of an authentic modernization of the country. We cannot accept a democracy where there is no possibility of reaching an agreement based on the minimum basis for a political, social, and economic coexistence.

Politically speaking, our process achieved its maturity with the historical 1982 constituent elections, which allowed the peace process and accords and put us in a truly leading position at the national, regional, and international level. Work in the other sectors requires even more dedication and vision. We perceived this quite clearly from the very first moment, which is why we said in our 1 June 1989 message that our government is duty bound to immediately face the challenge of stabilizing and readjusting our economy. We will act with absolute seriousness in this, without demagoguery or improvisations. We will organize a specific plan for all kinds of government activities, particularly in the economic sector, so that all of the producers may know what to expect and may begin to work in the most efficient and safest way possible.

We seek to sponsor a historical agreement in this sector, between the groups that are basically involved in production and economic activities—the workers and businessmen—because they are directly responsible for our production activities, and the government, as regulator of essential norms so that the economy may function. This will reduce the state's role to what is strictly necessary under the principle of subsidized activities, to guarantee social harmony and development. We fully endorse those words because they represent the country's

need. This need has become more urgent now that the armed conflict has ended and the Salvadorans are creating—with more energy and relentlessness than we imagined—a new model of national coexistence. If we outline each point of every pledge that we have fulfilled or are about to fulfill within the peace process, we would go into too many details and this is improper for a message of this kind.

We know that not just organized forces but all people have been following step by step the pace and vicissitudes of what has happened in this area. In truth, what interests us is to point to some very fundamental aspects that do not just constitute present achievements but also future landmarks. We cannot overlook the definite end of the armed conflict on 15 December 1992. On that date, Salvadorans ended the most painful period in our history when, in front of the nation's conscience and before the world, we pledged as a government, as a people, and as a nation to build peace for everyone and for all. This commitment has been cast into our deepest patriotic principle and we shall never give up on it, because it is a commitment to construction and life in the face of foolish destruction and death.

We cannot deny that advances in this process of building a new coexistence in the nation entail the need for a change of mentality regarding our history, institutional development, and shared responsibility in the task of creating a more open, just, and stable society. We need to redefine our conscious acceptance of participation in the nation's destiny. Along these lines, we feel that in the year we are referring to the country and all its forces and sectors have undergone dramatic transformation and made very positive contributions.

Whether it is in the tangible or material sphere or in the intangible or spiritual sphere, Salvadorans are gaining an awareness that goes beyond our differences—some real and others fabricated—of the sense of belonging together to the country where we were born and where we fortunately work and live. This sense of belonging is perhaps the most gratifying thing we have achieved following the prolonged trials of the military crisis. The government is fully aware that this change of mentality and, hence, conduct, requires a broad educational effort, as well as exemplary actions. Reasonable tolerance by the ruling powers within the framework of the law sets the best example for the nation to become calm and get on the path of constructive normalcy.

We must turn away any temptation to be irrational. We must defeat any trend toward ill-will and revenge. We must overcome the prophecies of doom so we can all feel a profound shared sentiment that our country is viable, that one can live and coexist in it, and that it is possible to handle all problems and differences with the resources of reason and not with the unhealthy impetus of madness.

We reiterate here, before the National Assembly, that we have faith and confidence in the full development of the peace process. We also reaffirm that the government's policies to establish the joint foundations of harmony and development are a reality that allows us to envision the future in a constructive manner, unprecedented in our history. In expressing this conviction, we are sure we are interpreting the Salvadoran people's deepest feelings. Peace in El Salvador is lasting. The democratic spirit this peace is based on is the most effective motor of the development we all seek.

The economic and social sphere is one, and that is how we have understood it since the start of our administration. It is impossible to visualize true development without human development. Thus peace, with its ability to rescue the essential values inherent in life, was the root of our development plan. During the past year, peace has propelled the display of significant productive energies. As expected, it has also created additional new demands to which it has been necessary for us to attend with an urgency that does not allow delays and requires us to use our limited resources. All this effort cannot be summarized in just a few brief phrases.

Thus, I must point out a few figures and specific situations. Starting in 1989, my government initiated a profound process of economic transformations. By 1992 the results were considerable and encouraging. Upon reading our macroeconomic figures, I found that the GDP [gross domestic product] had increased to 4.6 percent—its highest level since 1968. For the second consecutive year there was a real increase in income. We had the largest basic grain crop in our history, having sown 47,000 additional manzanas of crops, which also had quite an impact on the incomes and employment of the lowest income people in our country's rural areas. However, since the respective ministers will discuss these issues in detail, I would like to focus on explaining how our economic policy is helping to raise the Salvadoran people's standard of living.

Our economic model, which is based on a social market economy, is a system in which economic and social development go hand in hand, and in which the sole reason to seek macroeconomic balances is to allow equitable development in which everyone can aspire to a dignified and well-paid job. In 1992, for the second consecutive year, employment in the countryside increased. A shortage of labor prompted the payment of salaries that were higher than the minimum established by the law. Unemployment, understood as individuals who want to work but cannot find employment, decreased in El Salvador due to economic growth. One indicator of the decrease in unemployment is the 27-percent increase in social security quotas over the past few years.

Another factor that contributes to the generation of jobs is the economic integration process that has been actively promoted by the Central American countries. The economic system has led us into a phase of sustained growth in which qualified people can obtain better jobs. However, my government knows that this is not enough to raise the standard of living of the poorest sectors.

These people are submerged in a precarious situation and have no access to progress. Thus, from the beginning of my term, I set in motion a program that will allow us to help those people out of that situation.

My government's social program focuses on giving the poorest people the necessary elements to break the vicious cycle of poverty. Education is a fundamental element in achieving this goal. Therefore, we have given children a better education in schools with adequate infrastructures. We have developed the I Educate [Educo] program through which school attendance has increased by over 52,000 among children from low-income families in 1993. Over 200 schools that were closed because of the conflict were reopened and we are successfully developing the program whereby we will inaugurate and furnish a school every day. This was possible because over the past three years we have duplicated the resources earmarked for education.

Adequate nutrition is a basic condition for children to assimilate the education imparted to them. This is why food has been distributed to 410,000 children. Furthermore, we know that the most efficient way to prevent malnutrition early in children's lives is to guarantee proper nourishment for pregnant women. We have included this segment of our society in the program.

Health is also essential for raising the standard of living of the poorest sectors and preventing infant mortality. Over the past three years we have more than duplicated the resources allotted to public health. Proof of this is that vaccination coverage for children under age five surpassed 80 percent in 1992. We have financed and installed new health centers and built hospitals like the Benjamin Bloom and Sacamil hospitals. Furthermore, we have developed the Silos health system for rural areas and for the most needy people.

Housing is another area in which the government has made huge strides because there are many poor families that do not have access to housing.

The Office of the Vice Minister of Housing has assisted more than 12,000 families through its programs of municipal plotting and new organized settlements. Through the National People's Housing Fund, 120 million colons will be invested in 1993, as contributions and financing to low-income families to improve their housing. The Social Housing Fund currently can grant loans to persons who earn a minimum salary. This sector in the past has contributed to the Fund but they were never considered as possible credit candidates. Likewise, the banking sector is financing twice as many housing solutions than those financed in the 1980's. In 1992, financing was granted for 1.1 billion colons. Through the Liberty and Progress Institute [Instituto Libertad y Progreso], an intensive program for the granting of titles is being implemented to favor low-income families. Through this program we have started making El Salvador a nation of property owners.

We are also conscious that a society cannot progress if it does not have potable water, power, telephones, roads, and all kind of infrastructures. This is why we have stepped up the works in these areas. Since 1992, the National Administration of Waterworks and Sewers has embarked in a drilling program of 900 potable water wells to solve the most pressing problems of the people throughout the nation. Besides, the Rio Lempa project was concluded at a cost of over 1.1 million colons, whereby the water supply problems of the metropolitan area will be solved. With the [word indistinct] project, the water supply requirements of crowded neighborhoods in this same area, which previously did not have this service, have now been solved. The Lempa River Hydroelectric Executive Committee invested nearly 880 million colons for the purchase and installation of three power generating engines. As a result, for the first time in many years, we do not to have power rationing. Moreover, the first stages of the installation project of more than 1,000 km of power lines in rural sectors have been initiated; these will be finished in the coming years. Also, nearly 400 km of power lines damaged during the armed conflict have been repaired. In addition, the doors have been opened for joint power generation with the private sector. The National Communications Administration has initiated an investment program of approximately 2.7 billion colons to increase telephone services, not only in urban areas, but also in rural areas, thereby giving access to communications to low-income persons. Once this plan has been terminated, the local telephone lines will have quadrupled and the communication channels with other nations will have been increase substantially.

The Public Works Ministry, in addition to carrying out routine maintenance works on roads, has reconstructed, widened, and opened hundreds of kilometers of roads and rural roadways, including those that, due to the armed conflict, had been totally abandoned. In addition, large public works are being carried out on stretches such as the roads San Salvador-Apopa, Kilo 5-La Achadura, and Santa Ana- Metapan-Anguiatu. Likewise, financial negotiations are being carried out for the reconstruction of the bridges over the Lempa River, the conclusion of San Salvador-San Miguel stretch on the Pan American Highway, and the widening to four lanes of La Cuchilla-Acajutla road.

The National Secretariat of the Family, the Secretariat of National Reconstruction, and the Social Investment Fund are three institutions that have fulfilled some of the most pressing needs of the people that ministry programs cannot meet in a timely fashion. These institutions work in a timely fashion on what we have labeled as the small, but important works destined, mostly, for the low-income population.

In addition to pursuing their regular programs such as communal banks and maternity and child care homes, in 1992 the National Family Secretariat created the Salvadoran Minor's Care Institute as part of an overall effort

to provide greater protection for children. The Secretariat also assumed the responsibility for the nationwide distribution of food.

The Social Investment Fund [FIS] is developing approximately 2,200 projects at a cost of over 300 million colones. These projects range from compost beds to building and equipping schools or health centers. Over the next two years the FIS will earmark almost 1 billion colones more for small projects. The National Reconstruction Secretariat has continued to support projects through municipal governments and has also assumed the responsibility for designing and executing the entire reconstruction program in former war zones and the reintegration of former fighters. It has invested almost 250 million colones in over 8,000 projects that range from the construction of a community center to repair work on a highway.

In 1993 the prospects for socioeconomic development are highly satisfactory. Inflation is under control; the growth of the GDP is similar to last year's. Public and private sector salaries have increased, and for the first time in many years they are beginning to allow a real increase in workers' purchasing power, and higher levels of economic activity will continue reducing the unemployment rate.

Therefore, it is undeniable that we are in a phase of true economic and social recovery. Peace has allowed us to devote our best efforts to our people's total development, and if we continue on this path, we will eradicate extreme poverty.

Deputies, I am fully convinced that a new form of institutionality has gradually established and consolidated itself in our country. It is based on such values as peace, solidarity, and growing respect for the law and human rights. The issue of strengthening justice is among the crucial points of the new national order. To this end, an entire range of interinstitutional efforts have been made by the three branches of state. As for the Executive Branch, the Justice Ministry is seriously reviewing and modernizing our entire legislation, especially laws pertaining to the family and penal and legal issues, thereby establishing the foundations for the complete, legal and administrative renewal that Salvadoran justice is demanding.

I am certain that the harmonious joint effort by the Justice Ministry, Office of the Prosecutor General, National Civilian Police, Human Rights Ombudsmanship, and the effective work of the Judicial and Legislative Branches, will allow us to continue working our way to a societal model that is respectful and observant of the law; a model in which democracy, peace, and progress have every possibility of succeeding. A renewed and modernized national institutionality is the best legacy that this generation can bequeath to future generations. We want stable and permanent peace and to achieve this, we must institutionalize peace. That is my goal. I have worked to that end and will continue to do so with a view to the country's future. I am aware, as I speak, that I am expressing the deepest feelings of my compatriots, who aspire to a more humane country that will project itself to the new century with the unfolding strength of institutional modernization.

Honorable Legislative Assembly, my report cannot be but a summary of a year of impressive activity in which the government and all the forces in the country have actively participated. This is a historical period that demands action and creativity because the fatherland is changing almost perceptibly right before our eyes.

Now is the time to work with renewed energy and patriotic inspiration. This is the time to be realistic. There are problems, disagreements, and challenges. But we Salvadorans are experienced enough to find solutions based on mutual respect and understanding. 1992 yielded the anticipated fruits precisely because this exercise in democratic understanding made it possible. Let us all walk along this path without getting discouraged by temporary obstacles. The great task of constructing a new El Salvador is in full swing. The responsibility is to be shared by all because we owe it to ourselves, to this dear land, that deserves a higher destiny. May God bless you all and may God bless El Salvador. [applause]

Democratic Convergence Deputy Escapes Attack Unharmed

PA0806190393 San Salvador Radio Venceremos Network in Spanish 1800 GMT 8 Jun 93

[Excerpt] [Announcer] On the morning of 8 June Democratic Convergence [CD] Deputy Hector Silva survived an attack near his residence unharmed, CD political leaders have reported. Jose Somoza has this report from the mobile unit at the Legislative Assembly:

[Somoza, in progress] ...against Deputy Dr. Hector Ricardo Silva, while he asked the government to conduct an in depth investigation of this incident. CD Deputy Hector Silva was attacked as he did aerobic exercises with his daughter in the Santa Monica neighborhood of Santa Tecla, where he lives.

An unidentified individual carrying a firearm intercepted the deputy [two-second break in reception] escaped. CD member Mario Aguinada Carranza described how Silva was attacked.

[Begin Aguinada recording] This incident occurred at approximately 0600 in Santa Monica, where he lives. He had gone out to run, as he usually does, with his 18-year-old daughter when an individual carrying a gun appeared [one-second break in reception] and he attacked him at point blank, but Hector immediately jumped over the gun. A shot was then heard, prompting the guy to run off.

Later Hector and his daughter went home, which was near. Further ahead, in a U.S.-type vehicle—not a very new model—the same guy who had intercepted him

before appeared again and fired two shots at him. Luckily, none of the shots hit either Hector or his daughter, who managed to get home and make the appropriate political denunciation. They also presented a report before the Crime Investigation Commission and UN Observers for El Salvador. [end recording] [passage omitted]

Guatemala

URNG Leader Says de Leon May Boost Peace Process

PA0806184393 Managua Canal Cuatro Television in Spanish 0300 GMT 8 Jun 93

[Report on statements by Rolando Moran, member of the Guatemalan National Revolutionary Unity, URNG, by unidentified reporter in Managua on 7 June—recorded]

[Text] [Reporter] Here is a reaction to the selection of the new Guatemalan president. Rolando Moran, a member of the Guatemalan National Revolutionary Unity [URNG], said on the afternoon of 7 June in Managua that Guatemala's new president has a chance of achieving peace in his country:

[Mora] It is possible that Guatemala's new president may give a boost to the negotiations that have taken place among the government, the Army, and the URNG.

[Reporter] Ramiro De Leon could turn Guatemala toward democracy because he enjoys national and international support. Mora added:

[Mora] Ramiro De Leon Carpio at present enjoys considerable popular support and international prestige. He has shown ethical values, defended human rights, and opposed violations that take place in Guatemala on a daily basis during the years he served as Human Rights Ombudsman.

[Reporter] Mora added the defense minister's dismissal is a good sign:

[Mora] If De Leon does this with determination and without hesitating, while supporting himself with the civilian sectors that have supported him throughout all this, he has a very good chance of achieving considerable progress in his efforts to democratize Guatemala and demilitarize the comprehensive power the Army has imposed on our society.

[Reporter] Mora pointed out that the Guatemalan guerrillas are in the best frame of mind to hold a dialogue:

[Mora] We currently have the best inclination to reinforce and continue the negotiating process to establish the bases for democratization in Guatemala and to settle the armed conflict through political means.

Mexican Foreign Secretary Meets With President

PA0806220693 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 8 Jun 93

[Text] Foreign Secretary Fernando Solana had an unexpected meeting with the Guatemalan president. According to a communique that we received from the Foreign Secretariat, we can say that the foreign secretary was on his way to Managua and made a stopover in Guatemala to speak with President Ramiro De Leon Carpio. The foreign minister was on his way to Managua to participate in the ad hoc meeting of OAS foreign ministers on the Guatemalan situation.

What did Foreign Secretary Solana say? He said several things to President De Leon. For one thing, he extended greetings to the president. It is worthy of note that Solana is the first foreign official to meet with the new Guatemalan president. That is a very important fact. The relationship between Mexico and Guatemala has always been defined by a single word: deep. This is so because several Foreign Secretariat bulletins expressed deep concern, and when the Guatemalan situation evolved into the current phase, the word was used again, this time to express deep satisfaction.

The foreign secretary reiterated Mexico's gratification with the fact that Guatemala has returned to a constitutional regime. Mexico will later resume bilateral cooperation and assist in the peace process. This is basically what the foreign minister said on 7 June. In addition, he extended an invitation to the new Guatemalan president to visit Mexico, so that a meeting between the two presidents can take place soon within the framework of the return to constitutionality and, most importantly, based on the fact that Guatemala is now at peace following the events of the past few days.

Nicaragua

Guatemala's de Leon Holds News Conference

PA0906032493 Managua Radio Nicaragua Network in Spanish 0004 GMT 9 Jun 93

[News conference by Guatemalan President Ramiro de Leon Carpio with unidentified moderator and local and foreign correspondents at the Public Relations and Official Information Directorate of the Nicaraguan Presidency in Managua—live]

[Text] [Moderator] His Excellency the constitutional president of the Republic of Guatemala, Dr. Ramiro de Leon Carpio, thanks everyone for their attendance. He wanted the opportunity to exchange some views on the situation in our country and answer some of the questions you may want to ask. Here is Dr. Ramiro de Leon Carpio, constitutional president of the Republic of Guatemala.

[De Leon] Good afternoon, friends and representatives of the local and international media. Instead of telling

you what you already know, I would like an opportunity to clear any doubts and answer any questions you may have.

I simply want to state briefly I have had the opportunity to visit this generous country on behalf of the Guatemalan Government and people. Aside from meeting with your distinguished president, my friend Mrs. Violeta de Chamorro, I had the opportunity to attend the American continent representatives' assembly, which is being held here. Referring to this, it was satisfying to be able to state my recognition and gratitude, on behalf of Guatemala, for the resolution that was issued, canceling and closing the dossier on Guatemala.

I want to state that the international community's reaction when my country was unfortunately threatened with a return to pages of our history we do not even want to remember.... [pauses] the reaction was immediate—rejection of the disruption of constitutional order. The international community's reaction was equally immediate when we restored constitutional order. This is satisfactory for our country and I believe it is an example of what can happen when a nation such as ours—which has almost never lived in a democracy—begins to love that system and begins to defend it.

Perhaps the most significant thing was that, despite the constitutional crisis and despite the abyss into which we fell, the Guatemalan people were able to rescue that system, return to constitutional order, and return to institutional order without shedding a single drop of blood and abiding by a constitutional framework. The situation is now different. By a quirk of fate and because God has thus willed it, yours truly has been appointed to a post which I consider honorable, namely constitutional president of Guatemala.

This is a difficult historical challenge; a very difficult task; but it is a challenge and task I am willing to face. I have already begun to do so, exerting myself to the utmost, but I have the international community's support. If you have any questions I will try to answer them with great pleasure.

[Moderator] The time for the news conference is limited to 45 minutes due to a flight schedule. Please raise your hands and ask your questions as specifically as possible, identifying yourselves beforehand. Please, that gentleman.

[Zelaya] Amadeo Zelaya, Radio Sandino's newscast. My question is this: Will the new president of Guatemala proceed to carry out negotiations with the Guatemalan guerrilla groups, the Guatemalan National Revolutionary Unity, URNG, within the efforts for Central American integration.

[De Leon] The Guatemalan peace process began, as you know, approximately two years ago. An internal military conflict is still going on. It began more than 30 years ago. Current conditions are different from the conditions established 20 years, excuse me, 20 days—meaning conditions that prevailed 20 days ago, prior to 25 May. This does not mean the current president of Guatemala does not grant the process the importance it needs but, for the time being, my obligation, the people's mandate, has been interpreted as giving priority to the consolidation of the democratic process in my country. Therefore, I will reveal the government's position in due time but, naturally, the goal is to continue an efficient process and achieve positive results, meaning real peace.

[Moderator] Filadelfo Martinez, ACAN-EFE.

[Martinez] Do you intend to request Serrano's extradition from Panama? What kind of relations will you have with the Army given the measures you eventually adopt?

[De Leon] Referring to the first question, I have always said the law must be enforced as necessary, without distinction of any nature. Within this framework, the case must be handled by the authorities who must carry out this type of action. I respect the law and I demand that the law be enforced, not only because I have the moral obligation but because I have the legal obligation. We will do whatever must be done concerning the alleged perpetration of crimes, but this must be handled by the courts and the district attorney because that is their authority.

[Moderator] Radio Nicaragua.

[Unidentified correspondent] Throughout your political career and during your tenure as human rights ombudsman you have always been alert to actions which threaten the media and freedom of expression. Now that you are president, what will be your attitude toward the media in your country?

[De Leon] Total and absolute respect for that sacred right, meaning the right to freely state your thoughts. This does not only mean an individual human right of those who inform but also a human social right of the population, which has the right to be informed. It also means absolute respect, as guaranteed by our political Constitution, for a journalist's right to have free access to sources of information. I state with great satisfaction that an absolute freedom of expression has been experienced from the very moment that I was sworn in and when I assumed the post of president of the Republic.

For example, I was invited to a television studio on 7 June and I remained there for approximately one and a half hours, discussing things with the questioner. I asked the local media to please be critical of me, meaning our actions. Fortunately, I will soon announce my government platform. I have yet to offer something because I have not had time to prepare the platform, given the circumstances under which I was elected. I will do it in such a way that it will be easy to evaluate the implementation of the program. Thus, if there is compliance it will mean I am fulfilling my duty and, if not, I expect the local media's criticism.

I have respected and defended that pillar [word indistinct] democracy, so I will undoubtedly be extremely

respectful of that right. If there is any excess or abuse, as it may happen, I would rather have a public official put up with any excess than try to [30-second break in reception]. I said it from the very first moment—human rights will be fully respected by my government.

[Moderator] Channel 6, Managua.

[Ramirez] President Serrano [as heard], Erica Ramirez of Channel 6. I would like you to evaluate Nicaragua's participation in the resumption of constitutional order in your country. I also want to repeat a colleague's question: What will be the relations between the military and your government from now on?

[De Leon] Thank you and I apologize to the journalist [words indistinct]. I want to state that [words indistinct]. I want to say that when the problem began in Guatemala [15-second break in reception] which have prevented freedom of expression and the free exercise of the right to freedom of expression.

Going back to the question concerning relations with the Army, I really see no problem. The Guatemalan Army is constitutionally established as an institution that belongs to and which is part of the Executive Branch. In this case the Constitution states that the president of the Republic is commander in chief of the Armed Forces. Therefore, relations will have to be.... [pauses] it must comply with the State's common goals and objectives, including the Guatemalan people's general welfare through the goals, through the mechanisms, through the strategies, and particularly, through the government program that I will soon outline. Relations during the first days of my government have been normal between an Army that, according to the Constitution, is obedient and nondeliberating. Therefore, relations should be as relations are between the institutions that comprise the state.

[Ramirez] The second question I want to ask you is how do you value the [words indistinct] country?

[De Leon] I want to again mention my appreciation of the recognition given by the international community in general and more so in the case of Nicaragua. Proof is that this is the first country I visited as president of Guatemala. It is an honor to be here. I would like to have done the same, simultaneously, in the five remaining countries, but that is impossible. I had to start with one and for this reason I am here in Nicaragua.

[Moderator] Alan Teffel, Radio Pensamiento.

[Teffel] Mr. President Ramiro De Leon Carpio: I understand you have already made cabinet changes, including the minister of defense. But there are many accusations against members of the military in Guatemala and you have worked on human rights for many years. I would like to learn if aside from the minister of defense you will make other changes within the Guatemalan Army, particularly those who at one time were fingered as violators of the human rights of the Guatemalan Indians?

[De Leon] To good friend Alan Teffel whom I met several years ago I will say: Regarding the changes I ordered the first day I began work as president, I made these changes precisely because I believed they were in accordance with present reality. I considered the changes necessary and everyone accepted them, including the defense minister who was replaced by another military chief. Other changes are a direct result of the change in the Guatemalan Army's top leadership. I believe that with these changes the situation has been defined by the president. There will be no other changes right now except for those that will take place normally in the future. However, no more changes will be made as a result of a specific cause but as a result of the normal changes that occur within all state institutions.

Regarding the charges, I wish to say that when I brought charges against members of a specific military detachment or members of the Guatemalan security forces, I did so mentioning them as a group. The only exception to the rule was when I brought charges directly against the chief or commander of a detachment, military patrol, or group that was subordinate to him. Many of these cases were taken to court and, after presenting the necessary evidence, the guilty parties were sentenced. This was the responsibility of the Judicial Branch. This was done. Regarding the other charges, well, I respect the independence of the branches of state and the interrelations of the various institutions. Therefore, the charges pending are being handled by the courts.

Many soldiers have been discharged from the Army not only because of the cases brought before the courts but because of the disciplinary actions taken by the Army High Command in accordance with military law. All the charges are currently being handled by the appropriate authorities and the judicial authorities are responsible for ensuring that the guilty parties are tried and sentenced.

[Moderator] For the EL DIA daily, Enriqueta Cabrera from Mexico.

[Cabrera] President De [Leon] Carpio, you spoke at the OAS [Organization of American States] General Assembly about Guatemala's relations with the Central American countries. As Mexicans, and due to our situation as neighbors, your views on the relations with Mexico are also very important to us, specifically with regard to the topic of the return of the Guatemalan refugees who already began a massive return trip some months ago which, due to the events of 25 May, was suspended because there were no guarantees for their return. Will there be guarantees for this process to be restarted? Thank you.

[De Leon] Thanks to you. When I spoke of these relations, I naturally meant bilateral and multilateral relations. Logically, there is a priority—this is normal—in those relations which we must strengthen in the Central American subcontinent.

However, it is also important, for my government's policy, to strengthen relations with the rest of the countries and, naturally, with Mexico. Mexican President Carlos Salinas De Gortari was, precisely, the first president we were able to contact on the telephone. And I say we were able to contact, because, during the coup d'etat, my telephones were cut off, thus, that line of communication was hard to use.

It was very satisfactory not just to receive the support of, the expression of satisfaction from President Salinas De Gortari, from the Mexican people and government, but also to be able to approach them and agree to have the closest possible ties through those relations.

We had the opportunity to discuss several topics and the refugees—in broad terms—was precisely one of them. Fortunately, I know the topic perfectly well. I have been in the refugee camps in the Chiapas, Quintana Roo, and Campeche States several times, and I believe I know the situation, not only of the refugees there, but also of those who have already been repatriated and are in the country. In this sense, I believe the current conditions, even though they are not the best with regard to the aspect of the land, are in fact proper for the massive return to continue in the manner already agreed by the government and the refugees through a mediation group of which I formed part along with the Catholic Church, the Office of the UN High Commissioner for Refugees, and the human rights ombudsman.

I firmly believe that I know the topic with regard to the fact that the fulfillment of the return process is yet pending. The refugees have the right to return but, unfortunately, in their desperation—which I understand perfectly as they are Guatemalans in exile—we sometimes have not fulfilled that process which starts with the land.

They are peasants, native peasants, whose job is to work the land and, if that specific point is not fulfilled—about their location and the land where they will live—they arrive in Guatemala under really regrettable conditions because the process, which begins with getting the land for them to work, has not been fulfilled.

With regard to guarantees, which is the other topic, of course, my government is guaranteeing all.... [pauses] or rather, is establishing all kinds of guarantees.

However, I would like to warn about something. There is still an internal armed conflict in Guatemala, some of those refugees who have returned have returned to conflict areas and it is not easy.... [pauses] If it is not easy for refugees to return to a country in peace, just imagine how hard it is to make refugees return and go to areas in which there are armed clashes, raids by subversive groups, lives in danger, not only for them, but for all those who live in Guatemala.

Therefore, and being very clear about it, there are, of course, guarantees established for them, but I remind you again, there is an internal armed conflict and in many areas, the departments to which they are returning—the El Quiche, Huehuetenango, Peten, and Alto Verapaz Departments—there is an internal armed conflict going on and it sometimes makes it difficult to guarantee these persons' peace and safety.

[Moderator] Rosemary Torto of (TV Concepto).

[Torto] After the OAS inauguration meeting on 7 June, General Humberto Ortega commented that the Central American armies were not to be blamed for the situation in the region. He said the regional oligarchies, the powerful economic forces, and the United States were to be blamed for it. Based on the recent situation in your country, do you agree with him?

[De Leon] I agree that we are all to blame for our people's situation. When you see poverty.... [pauses] The core of my government program is precisely to attack poverty because 85 percent of the Guatemalan population survives amid poverty and possibly, 60 percent live in extreme poverty. When you observe the plight of the Central American people and, in my case, of the Guatemalan people, you become aware that we are all to blame for it; some for their actions and others for their lack of action.

I believe a large part of the responsibility [two-second break in transmission] formal power structure and the sources of true power. It is certainly true that the strongest sectors in the country—the economic, military, social, cultural sectors—have the main responsibility in getting a country to advance but society in general must also bear the responsibility for their actions or lack of actions. It is necessary to know the reality of the country so as to present a stance that will bring about a change of mentality and later, a change of attitude. There are sectors that have a larger or smaller share of the responsibility but, undoubtedly, we are all to blame for the socioeconomic situation of our people.

[Moderator] Gabriel Guevara of Extravision

[Guevara] Mr. President, I have two questions: One: There have been many comments with regard to corruption in government institutions, such as the Supreme Court and the Congress. What is going to be done to change or purge those institutions? Two: What will the new president offer the Guatemalan guerrillas to resolve the conflict?

[De Leon] Corruption is an endemic disease and the number one enemy of democracy. I have publicly stated that it is widespread in my country. Corruption is not an easy problem to solve. Several things have to be changed promptly. On the day I was sworn into office, I announced that the confidential expenses would be totally suppressed because in my country, as well as in other countries, such funds have provided the means for corrupt acts by government officials. This and other measures—such as presenting legal charges against any person charged with corruption—will initiate the necessary changes in this respect.

Referring to the two government organizations you mentioned in your question, the Guatemalan people loudly voiced their discontent with corruption, political parties, political sectors, the Legislative Branch, the Congress of the Republic—if not against all congressmen, at least, against most of them—and, specifically, with the Supreme Court of Justice during the recent political and constitutional crisis in country.

The president of the Republic has interpreted the people's mandate when they elected me to be a president of national unity. Based on my personal characteristics and historic record, the people elected me to achieve harmony and national unity in the country. I am to implement fully the law without adopting vengeful attitudes.

On the other hand, my traditional democratic principles would not allow me to go against the Constitution and attempt to subordinate state organizations. I fully respect the independence of other government branches.

The population, however, has demanded changes. Fortunately, we have a mechanism to attain those changes. It is the mechanism of consensus which started on 25 May. It is made up of members from all sectors of society—business, labor, religious, social, and the grass roots. The entire nation is represented in one organization. Perhaps it does not have legal support, but it does have legitimacy. The group has agreed to restructure and purge both government organizations. In this sense, they have the support and backing of the president of Guatemala. They have asked for a meeting and I have agreed to it. This is a problem that has to be resolved because people are demanding it. We have returned to a constitutional system but something is still pending and our people demand that it be resolved. I believe we have the legal as well the moral commitment to meet the people's demands completely.

[Moderator] Roger Solorzano of SUCESOS.

[Solorzano] The defense minister, who was removed, had been scheduled to retire from the Army in June, so the military structure that backed Serrano's coup is intact. I wonder: Who can guarantee President De Leon's permanence in power and stability in Guatemala?

[De Leon] First I wish to recall that the return to the constitutional system is owed to the participation of all sectors of the population, but primarily—and this is an example for Latin America—to the participation of the Guatemalan Army. In this connection, I wish to underline that the Guatemalan Army—historically, so to speak—obeyed a judicial decision issued by the highest constitutional court of justice, the Constitutionality Court. As soon as the instrument for the Guatemalan Army to enforce this decision was issued, the Army acted and contributed effectively to the restoration of constitutionality in its first stage. The second stage befell the Congress. Therefore, it is the responsibility of all sectors that made this possible.

I could not say the coup was backed by the Guatemalan Army, not even by the defense minister, because it was precisely he who enforced the judicial decision. Regarding the military structure, it naturally fits a regular army, established by the Constitution, and will have to be managed according to the echelon, organization, and structure established by the valid organic law. No one can put himself above the law, not even the president of the Republic. Now, regarding who guarantees the president of the Republic's permanence in office, he is guaranteed by the constitutional and democratic system, the state institutions, and the people's support. By state institutions I mean, among others, the Guatemalan Army. The people's support guarantees the president's permanence, at least in the democratic experiment we are having in Guatemala, due to love and respect for the democratic system. Such a system is weak, it is true, but it will become stronger and firmer every day, particularly after the crisis has passed. The permanence is also guaranteed by international support, which I now acknowledge. Few times in history have we received such support. We can even say this is the time when Guatemala has received the greatest international support in its efforts to strengthen democracy. I think this answers your question. I am absolutely sure that at present the intention of a coup d'etat is more distant than ever. May I say that in Guatemala there is not even the remotest possibility of a break in constitutional order. And this is precisely what guarantees the Guatemalan president's permanence in office.

[Moderator] One last question. Denis Salinas of LA PRENSA.

[Salinas] Mr. President, taking into consideration your background as defender of human rights and your criticism of the Army, or rather one sector of the Army, are you not afraid that your mandate could be suspended in about two years by the Army High Command?

[De Leon] First of all, why two years and why not one, two and a half, or when I am about to complete the term? I really do not think this will happen. The president's acts will always respond to the principles, beliefs, ideals, and to the way I have always followed. If this were to contradict the democratic system, then I could perhaps understand; or if this were to create friction among the Guatemalan population, I would also understand. But because the law, the democratic principles, and the defense of human rights will be obeyed, people who comprise each institution will be warned that they have to comply otherwise I will be forced to apply the law to whomever I have to. No matter who it may be or to what institution he or she belongs to.

In this connection, I think the Guatemalan Army officers clearly understand that this is truly positive and that this is the opportunity for things to change in our country, for the images of the Army and Guatemala to be improved and respected, precisely because of the actions. There could be individuals who personally violate human rights. But the important thing is that, beginning now,

both the Guatemalan Army, security agencies in general, and the state institutions will not be protected by impunity when there are problems—because in every country there are people who violate these rights, but they will be tried. If the charges filed against them are proven, the law will be applied to them. I think this stresses my answer. As I understand it, the Guatemalan Army knows the time for strengthening both professionalism in its ranks has arrived, that democracy is here and that it is irreversible. The Guatemalan Army will have to function according to the Constitution and in the framework of a democratic system. The Guatemalan Army is even preparing for peace, which we expect to attain as soon as possible. I am sure the possibility of an interruption of order by the High Command has been ruled out because the Army command members are united. I will meet with all commanders tomorrow. I have scheduled visits to all military zones. Therefore, I do not foresee the possibility of such a disruption of order, because I know they are aware of the existence of an irreversible democratic system, particularly now that democracy in Guatemala has been reinforced.

Lacayo Proposes Amnesty for Rearmed Groups

PA0606145293 Managua BARRICADA in Spanish 5 Jun 93 p 12

[Report by special correspondent David Gutierrez Lopez]

[Text] Somoto, Madriz—Presidency Minister Antonio Lacayo proposed "amnesty" for all members of irregular armed groups who decide to enter security enclaves established by the government.

Lacayo urged armed group commanders Chacal [Jose Angel Talavera], Pedro El Hondureno, Cara de Malo, and Nortiel to surrender their weapons and submit to a prospective amnesty "so we can spend our time working." Lacayo immediately cited the case of the 300 recompas and recontras who turned in their weapons on 5 June in Region V as an example.

"The proposal is the result of a recent initiative by the political parties, including the Sandinist National Liberation Front. Several Matagalpa Conservative Party members mentioned this to me, and I believe it is worthwhile to give them an opportunity to reenter civilian life" the minister commented.

Lacayo said the amnesty, which would pardon crimes committed by irregular groups, is still pending approval by the National Assembly. Government sources estimate the number of rearmed men to exceed 800.

Financing and Deeds

Lacayo met with Madriz and Nueva Segovia Department mayors, council members, and producers at the Somoto Institute on 4 June to "learn firsthand about their problems."

The mayors and producers demanded financing for the harvest, employment, road repair, the construction and reconstruction of schools, health centers, and police stations, as well as to ensure the citizen's safety.

Yalaguina Mayor Maria Dolores Alfaro explained the difficult situation the community is experiencing due to the lack of financing for production, which has increased unemployment and hampered the region's development.

Telpaneca Mayor Reynaldo Guillen demanded that 47 km of community highway "leading into the mountains" be repaired. He also demanded financing for small farmers who harvest basic crops.

Lacayo announced that the government is preparing to distribute 7,500 Agrarian Reform land titles to farmers and cooperatives who do not have legal backing for their properties. He reiterated that the government currently has 1.267 billion cordobas to finance the present agricultural period.

The presidency minister on 4 June distributed 63 symbolic Agrarian Reform titles—the final deeds were not ready—among San Juan de Rio Coco farmers.

Minister Lacayo noted that bank financing would benefit 47,000 farmers this year as opposed to only 17,000 last year. He committed himself before the mayors and council members to arrange for priority attention for Madriz Department from state banks.

FSLN Issues Communique on Weapons Cache

PA0606130793 Managua BARRICADA in Spanish 3 Jun 93 p 5

[Communique issued by the Sandinist National Liberation Front, FSLN, in Managua on 2 June]

[Text] The Sandinist National Liberation Front [FSLN] National Directorate held a meeting on 2 June to discuss the situation created by the discovery of the weapons cache in Santa Rosa and has decided to inform the public of the following:

1. The FSLN has called for peaceful solutions to the armed conflicts disrupting peace in Central America and has supported political negotiations in El Salvador and Guatemala.

2. In support of the peace process and democratization in Central America, the FSLN believes the Salvadoran peace accords under U.N. auspices must be fulfilled by the signatories.

3. Within that context, the FSLN has demanded support from the region for the disarmament and demobilization process in the agreements.

4. The FSLN therefore condemns the existence of clandestine weapons and explosives caches that have appeared in various parts of the country.

5. The FSLN is particularly concerned by the fact that these caches endanger the lives and properties of Nicaraguan citizens, adversely affect the very process for which we are working, and pave the way for the government to persecute and deport supportive persons who have given their service to Nicaragua and who enjoy the rights that the Constitution provides for them and their families.

6. The FSLN makes a fraternal call to the People's Liberation Forces (FPL) of El Salvador to assume their responsibility in the case of the Santa Rosa weapons cache by surrendering all weapons still in Nicaragua to the authorities. We make the same call to organizations of the Farabundo Marti National Liberation Front that may still have clandestine weapons caches in our country.

[Issued] Managua, 2 June 1993
[Signed] National Directorate of the FSLN
Free fatherland or death!

Salvadoran Group Turns Over Weapons Cache

PA0806021293 Managua BARRICADA in Spanish 6 Jun 93 pp 1, 12

[Report by Noel Irias]

[Excerpt] On 5 June the Popular Liberation Forces (FPL), a Salvadoran guerrilla organization, turned over a clandestine weapons cache, which included at least 1,000 rifles and assorted explosives, to the Special Disarmament Brigades, BED, of the Sandinist People's Army. "This cache is larger than the one in Santa Rosa," according to Captain Salvador Lara, chief of the BED in Region 3, Managua.

The cache was located in a farm outside the community of Abraham Sequeira, at km 34 on the road to Masachapa.

Approximately 40 BED members and two members of the UN Observers for El Salvador military mission removed the war materiel, which included Soviet-made PKM machine guns, AK and FAL rifles, and C-4 and TNT plastic explosives in 200-gram blocs.

The cache also included assorted mortar rounds, rounds for RPG-7 rocket launchers, electric detonators, and fuses.

The turnover of this cache starts the guerrilla organization's process of compliance with its pledge to the Nicaraguan Government—to turn over the caches it still has in the country and inspect its old safe houses.

BED soldiers were still working on the night of 5 June aided by reflectors and under strict security measures to prevent accidents.

The human chain organized by the soldiers between the cache and the inventory table had transferred approximately 250 rifles, 30 RPG-7 rockets, several bags of C-4 explosive, approximately 12 mortar rounds, and several bags of detonators by 2100.

The rifles were piled up in the center and the explosives were placed a safe distance from the detonators. Other precautions included no smoking, keeping detonators away from the reflectors, and using a BED guide to move around the area.

Government sources reported to BARRICADA that an empty cache located in Managua will be inspected on 7 June. "The cache is empty; only a few weapons remain and cement was poured on them so they are useless," the sources said. [passage omitted]

Leal on Meeting With U.S. Officials

PA0606224493 Managua Radio Sandino in Spanish 1230 GMT 6 Jun 93

[Text] Foreign Minister Ernesto Leal has addressed the results of his dialogue with this high-level U.S. official. He also spoke of the Santa Rosa weapons cache explosion. We have learned that members of government security agencies of a great many countries are here. They are here in Nicaragua investigating the origin of these passports.

[Begin Leal recording] We held a bilateral meeting with Deputy Secretary of State Clifford Wharton, President Chamorro, Government Minister Antonio Lacayo, and other ministers. The delegation came for a bilateral visit on 5 June, 24 hours before the OAS meeting begins, to discuss bilateral issues with the U.S. Department of State and the government. We reviewed aid for 1993, the possibility of aid and amount of such aid for 1994, and we also had a very good meeting, I would say, where the two countries shared the same objective. We agree on the goals of democracy, respect for human rights, civilian power over military power, and free trade with social justice. So, we have the same objectives and we could say that our relations with the United States are excellent at this time. [end recording]

Minister Leal also pointed out the Chamorro government's respect for the Guatemala situation, as long as they comply with the Constitution.

[Begin recording] [Leal] As long as they comply with the Guatemalan Constitution—if the president is elected in accordance with the Constitution and the laws of the Republic of Guatemala—then Nicaragua will recognize that president.

[Unidentified reporter] There are reports of the Nicaraguan Government cooperating with the countries that issued the passports found at the Santa Rosa explosion site. Does this mean that there is a possibility of Nicaragua extraditing the people whose names are on these passports to those countries? You say that we are going to cooperate. How is the Nicaraguan Government going to cooperate? Will it be like Spain?

[Leal] We are going to cooperate in investigating the finding of blank passports from other countries. We must find out how the passports are issued in those

countries, and whether they are false. I mean, this is the least we can do in light of this grave crime that has been perpetrated in Nicaragua. [end recording]

Government To Compensate U.S. Mining Company

PA0606135893 Managua EL NUEVO DIARIO in Spanish 3 Jun 93 pp 1, 8

[Text] The Nicaraguan Government signed an agreement with the transnational Rosario Mining Company on 2 June in Washington to pay $21 million in compensation over 20 years for the nationalization of company properties ordered by the previous Sandinist government in November 1980. The agreement signed by Finance Minister Emilio Pereira and Economy Minister Pablo Pereira with Rosario Mining Company President Jose Blanco does not mention the compensation the company owes Nicaragua for Rosario's shady mining operations during the Somoza regime. Nor is there any mention of Rosario compensating the families of miners who died while working for a pittance in the Siuna and Bonanaza tunnels or the survivors who are seriously ill with silocosis and other lung diseases contracted while working without protective equipment or benefit of occupational health regulations.

Ultraright U.S. lawmakers frequently used the Rosario Mining Company issue as an argument to get Washington to stop financing the Nicaraguan Government.

When commenting at the Nicaraguan Embassy in Washington on the agreement to pay the company, he [not further identified] said the Chamorro administration feels the solution to the ownership problem is vital to reconciliation, economic recovery, and strengthening democracy.

Meanwhile, many Nicaraguan Somozists who are now U.S. citizens are still presenting the Chamorro administration with demands similar to that made by the Rosario Mining Company.

Commentary Views Wharton Speech in Managua

PA0806224293 Managua BARRICADA in Spanish 8 Jun 93 p 13

[Unattributed commentary: "A Poorly Packaged Message"]

[Text] The visit by Clifton Wharton, U.S. assistant secretary of state for inter-American affairs, aroused interest in Nicaragua because it offered an opportunity to learn about the Clinton administration's view on Nicaragua. Because of diplomatic clumsiness or as the result of certain administration representatives' mere political calculation, something of the new and plenty of the old came to light.

In a reception held at the U.S. Embassy on 5 June and in the presence of government, UNO [National Opposition Unity], FSLN [Sandinist National Liberation Front], the Group of Center, and private enterprise representatives, Wharton read a speech with two contradictory messages.

In the first part, Clinton's delegate proclaimed five Nicaraguan personalities paradigms of their government in the struggle for democracy, although some of these personalities represent polarizing stands in the national context, in open opposition to the National Dialogue. The most surprising thing is that in his list of notables he omitted President Chamorro's name, whose devotion to national reconciliation has been acknowledged by friends and foes alike.

In the second part of his speech, Wharton invited all national sectors to understand each other through a national dialogue in the search for a consensus that befalls the Nicaraguan people only. The latter is what the assistant secretary underlined in a news conference on 7 June. We must suppose this part constitutes his message's essence.

This new whiff of refreshing breeze, however, could not have been more poorly packaged, however. How could anyone favor a national consensus—hinting at neutrality regarding disagreements between Nicaraguans—and simultaneously endorse extreme positions?

The U.S. diplomacy cannot go on playing its old our-man-in-Managua game in a personification of its political preferences which tends to polarize, rather than create a detente in the national climate. If the Clinton administration really wants to contribute to an understanding among all national forces, as Wharton said, then the administration's diplomacy should be neutral.

This is the least that can be demanded if we are to prevent a repeat of the big mistakes of the past.

Haiti's Aristide on OAS Resolution, Return to Democracy

PA0806232293 Managua Sistema Nacional de Television Network in Spanish 0230 GMT 8 Jun 93

[Report by Maria Elsa Salazar]

[Text] Following is an interview with Jean-Bertrand Aristide, the legitimate president of Haiti who was ousted by a military coup 20 months ago.

[Begin recording] [Salazar] In your opinion, what will be the OAS resolution for a return to democracy in Haiti?

[Aristide] It will provide support so we may impose [words indistinct] the coupists and thus force them to allow [words indistinct].

[Salazar] Do you believe the OAS will support this firmly?

[Aristide] I have no doubt about this support. I already have [words indistinct] and I use this opportunity to reassert my thanks to the OAS, the UN, Nicaragua, President Violeta de Chamorro, and everyone in the

world who is helping us restore democracy in Haiti—where we should live like brothers and sisters and achieve a reconciliation and (?peace). [end recording]

President Aristide later visited the National Assembly, where National Assembly President Gustavo Tablada awarded him the grand collar of the Pedro Joaquin Chamorro Order of Liberty for his struggle in the defense of democracy.

Answering media questions, President Aristide said more and more Haitians join the struggle for democracy. He also gave his opinion about President Chamorro's three years in office.

[Begin Aristide recording] She has waged a political struggle and [words indistinct] based on a dialogue and mutual respect; and she has achieved a difficult goal. [end recording]

* Need for Greater Attention to Workers Expressed

93CA0128A Managua BARRICADA in Spanish 1 May 93 pp 1, 10

[Editorial by Bayardo Arce Castano: "1 May, Dialogue and Unemployment"]

[Text] Nicaraguan workers may not stage huge rallies to commemorate their day. But what they cannot fail to do is think about the actions they need to take to force the government to listen to them and, therefore, to correct the country's economic course.

This is all the more necessary since a round of talks on national issues is in the offing between the government and the country's financial, union, and political forces.

The finest commemoration of the Chicago martyrs would be for the workers to see to it that the government does not turn these talks into "society get-togethers" but instead begins meeting the main demand of the working class: jobs.

This means undoing the "illogic" of current economic policy. The 54 percent unemployment and underemployment rate that has plunged Nicaraguans into poverty and hunger cannot be combated when not a single farm loan has been made as of today. And we are not talking just about emerging sectors, cooperatives, and medium-sized producers; we mean no one.

It is wishful thinking to expect that stimulating the economy will create jobs when the economy is being looted by the state itself through presumptive income, advances on income tax, and surcharges on sales or municipal taxes even if they bankrupt producers and companies, who create the jobs.

A government that turns a deaf ear to the outcry over the emergencies in Occidente and Esteli and that cares only about making a good impression on international financial institutions does not seem too likely to develop on its own a consistent policy to attack joblessness.

In the final accounting, the international financial institutions told the government at the Paris donors conference that "much remains to be done to create the conditions for accelerating economic growth...further reductions in the size of government...ongoing reforms of the tax and financial systems...."

Therefore, the workers must try to mount an effective defense of their jobs, above and beyond their political and, in particular, their partisan differences.

The sympathizers of the Sandinist National Liberation Front and of the National Opposition Union must urge both groups to bring up the unemployment problem at the talks with the government. The affiliates of the National Workers Front and the Permanent Congress of Workers with their leaders should do the same.

The rank and file unions in the companies should even demand that the leaders of the Higher Council of Private Enterprise and the National Union of Farmers and Cattlemen, as representatives of the employers, also raise the problem of jobs-production-credit as the core of their discussions with the government.

If the workers do not succeed in forcing the government, as of this round of talks, to begin seriously tackling the unemployment problem, perhaps the next May Day in Nicaragua will be the day of ex-workers.

* Police Activity, Reorganization Assessed

93CA0128B Managua BARRICADA in Spanish 2 May 93 p 11

[Interview with National Police Chief Fernando Caldera Azmitia by Darwin Juarez; place and date not given; first five paragraphs are BARRICADA introduction]

[Text] Over the past four years the crime rate has doubled in Nicaragua. During the first half of this year crime is up 28 percent from the same period in 1992. The National Police (PN) is of the opinion that not only has the crime rate risen but also that the crimes categorized as posing the greatest social danger have spread considerably.

There is widespread social concern about, and protest over, this development today. Growers are calling for security so that they can develop their economic potential; cattlemen say that they feel powerless in the face of rustling; and average citizens have to lock themselves in their homes to ward off the thieves and rapists. Above and beyond political and ideological leanings, there is a consensus as to the urgent need to halt crime before it grows out of control and society is caught in the grip of the underworld. In this regard, as the impact of the amendments to the Criminal Procedure Law (Law 124) makes itself felt, public opinion is keeping a close eye on

the following three-faceted cornerstone of this issue: the National Police, the National Assembly, and the Supreme Court.

The reason is simple: the police catch the criminals and send them to the judges. The judges enforce the laws, which are passed by the legislature. Under the law a criminal can be released on bail or due to shortcomings in the jury system. The result: impunity to break the law.

While the police have complained that their views were not taken into account in drafting the legal amendments that directly affect their functions, the Supreme Court is known to have pigeonholed for some time now a reform proposal that could help overcome the problem. It is also known that the Justice Committee of the National Assembly will soon introduce a new first draft of an amendment to the Criminal Procedure Law.

In the "Sunday Debate" section below, in which we unfortunately were unable to learn the views of the honorable justices of the Supreme Court or of the members of the National Assembly's Justice Committee, the chief of the National Police, Commander Fernando Caldera, sets forth the institution's plans, actions, and opinions in tackling the alarming rise in our crime rate.

[Juarez] What is the National Police doing to halt the worrisome increase in crimes such as armed robbery, kidnapping, rapes, etc.?

[Caldera] There are two major lines of action: an internal restructuring and an operational crackdown.

We have a fine chance today to make headway in the philosophy of restructuring. The first thing that we have done, and we have been working on this for a year, has been to reduce the intermediate command elements to a minimum. We have simplified the structures. The regions have disappeared, and the chain of command has been revamped; today the departmental echelon comes under the General Directorate.

This measure has given the departments greater autonomy so that they can use their own resources and potential to combat crime better. This has also strengthened the police's national specialties, which previously were very closely tied to the Managua structure. Today they have become detached, and Managua as a territory is just another department. Thus, the national specialties can better play their role as policy-making bodies that provide assistance to and monitor specific activities.

Reorganization of Forces

[Juarez] What sectors does the internal reorganization mainly affect?

[Caldera] The entire administrative and services area was cut back in the Ministry of Government and the Police in order to strengthen the areas of operations and crackdown. Also, the specialty of the battle against drugs, which used to be a department, was raised to the status of a directorate.

The finishing touches are still being put on things because we are not done yet. Hundreds of colleagues have been affected as the regions have disappeared, and this has brought a period of instability. In general, though, the restructuring will be beneficial in spite of the limitations and difficulties.

We cannot forget that the police are not immune to the economic and social crisis. Nevertheless, during this first quarter we have solved over 1,000 more crimes than in the same period last year.

[Juarez] You also mentioned another kind of action, aside from organizational moves inside the police.

[Caldera] Yes, the operational crackdown. We have developed a plan to crack down on assailants, thieves, and kidnappers, especially in Regions One and Four; it will start up in May. It will be a vigorous crackdown to be conducted in conjunction with the Army, the Government Ministry, and the commissions that have been organized in the departments to support crime fighting.

Major EPS [Sandinist People's Army]-PN Operation in the North

These commissions have been organized in the departments of Jinotega, Matagalpa, and Esteli, and they are made up of growers, the UNAG [National Union of Farmers and Cattlemen], and well-known figures who are concerned about the rise in crime. In other words, the growers are in the overwhelming majority on these commissions.

The state as a whole, in addition to the police, will be involved in carrying out the plan wherever required.

[Juarez] For example....

[Caldera] The Ministry of Social Welfare, or wherever an agrarian reform is needed to resolve pending cases.

[Juarez] Besides the prioritized departments, what general measures does the National Police have on tap to combat crime in the rest of the country?

[Caldera] We intend to raise the levels of police efficiency a bit more in the rest of the country and to bolster coordination with the social sectors, growers, and mayor's offices, based on the experience that we have gained in the north from the commissions. We hope to bolster the plan this way.

We should remember that we will try to be forceful in the north, while always observing the law, and to develop closer ties with the social sectors and growers.

Crime Going Unpunished

[Juarez] People are complaining a great deal about criminals going unpunished in the wake of the amendments to the Criminal Procedure Law (Law 124). What responsibility do the police bear in this?

[Caldera] What I am going to say may create a stir, but the judiciary has been criticized strongly when the root of the problem is to be found in the legislature.

Release on bail today is too generous, but let me add that I am not against this. Bail should be more controlled, more specific, and more restricted so that it is not abused, not just by judges but also by lawmakers.

[Juarez] And besides bail?

[Caldera] The same goes for juries. Some people are not very knowledgeable; there is no real tradition. A jury member ought to be highly competent; otherwise, the judicial character of the jury is lost. This happens a lot with family tragedies, for example, when socioeconomic factors, not legal issues, surface.

There is also resistance on the part of average citizens, owing to the legal system, to the lack of prompt, swift legal proceedings.

The problem for the police is not the 72-hour period (when the charges or the evidence for the defense is presented so that the defendant is placed in the judge's custody or goes free), in spite of the sudden change that the amendments to the Penal Code brought about. The police are doing their job; this has forced us to try harder so that all of the evidence is on hand. The problem is bail, juries, regulations, and limitations.

The Legislature in the Dock

Then comes the problem of the judges, and in this regard I am familiar with the efforts of the Supreme Court to influence them. For example, the "circulado" with people out on bail has to be strengthened so that they do not leave the country, because bail is not synonymous with freedom.

For all of these reasons I think that more coordination is needed. When the National Assembly does something that affects the work of the police and the judges, it ought to take their views into account. The Attorney General's Office also has to be more aggressive about the workings of the legal system. Especially now that there is no longer a monopoly on legal action, it has become less aggressive.

[Juarez] Don't you think that in the long run this will wear down the police?

[Caldera] Obviously yes. We have instances of criminals who have been arrested, released on bail, and then commit another crime. Of course we have to take into account the limitations and defects of the National Police, because we are not perfect. We are up against legal requirements and shortcomings today. This is a very difficult situation for Nicaraguan citizens, one that they are not accustomed to, because they used to be able to walk the streets calmly at night without fear of crime. Unsafe streets are a new development.

[Juarez] How do you think citizens can get involved in combating crime?

[Caldera] Society and the mass media can play a very constructive role. The citizenry must organize and cooperate with the police and judges; citizens must be brave and help out in the criminal cases that so warrant.

Let us remember that our society has, besides policemen, workers at the Nicaraguan Institute of Energy and the Nicaraguan Waterworks and Sewer Systems Institute, and they can make sure that dark places have lighting. Citizens must report irregularities. And where crime is very heavy, they must organize to protect their neighborhood, their homes.

Citizen Involvement

[Juarez] Would the police lend their complete support to this sort of initiative?

[Caldera] The police would be prepared to support citizen boards in those cases in which it cannot afford security guards. Moreover, the public festivities organized by union groups, and political and religious events must also make sure that there is a disciplinary committee. They have to foster more responsible social behavior, instead of expecting everything to be done for them.

We can cite examples, such as in Juigalpa. The cattlemen there have hired security guards to combat rustling and other activities. The police direct and coordinate these security guards, who are paid by the ranchers. So...there are several initiatives that can be started up, depending on the circumstances, for which there must be a spirit of cooperation.

In other instances cooperation means having the citizens provide vehicles and fuel for patrols. So there are a lot of ways; what remains to be done is to develop socially responsible behavior. Part of this social responsibility is the critical attitude of society so that justice is legislated and administered better.

[Box, p 11]

The Crime Rate in Nicaragua (First Quarter of 1993)

According to official data from the General Directorate of the National Police, during the first quarter of 1993 the crime rate has posted an overall increase of 28 percent from the same period in 1992. A breakdown of the crime statistics reveals the following:

—Whereas in 1992 there were 98 crimes a day and 2,940 a month, in 1993 the rate has risen to 110 a day and 3,302 a month.

—Over the past four years the annual rise in crime in Nicaragua has doubled, especially in the case of crimes categorized as posing the greatest social danger. Rustling is up 55 percent, rape 48 percent, and robbery (assaults) 29 percent.

—Paradoxically, homicide is down appreciably during this period; from 88 cases a month in 1992, the rate

has declined to 42. This development is attributed to the effectiveness of the ongoing efforts to disarm citizens.

—The following are the results of police efforts to combat crime during the first quarter of 1993:

- 6,380 crimes were solved, 109 more than in 1992.
- 45.379 kilos of cocaine, 76 pounds of marijuana, and 1,521 Cannabis plants were seized.
- 39 criminal gangs were broken up, and 182 of their members were arrested.
- 172 cattle of the 1,560 that were rustled (51 percent of the total) were recovered and returned to their owners.
- 4,962 criminals were arrested, 343 of whom were involved in the 681 robberies (assaults) committed during this period.

According to the official report from the National Police, growers, the military, government, and the citizenry at large, along with the National Police, must "develop ways of keeping crime within acceptable limits and of preventing it from playing a destabilizing role in our society."

Source: General Directorate of the National Police

Panama

Dignity Battalion Leaders, Former President Sentenced

PA0806154593 Panama City CRITICA LIBRE in Spanish 8 Jun 93 pp 64, 43

[Report by Florencio Galvez F.]

[Text] Dignity Battalion leaders Benjamin Colamarco, Enrique Thompson Morales, and Arturo Marquinez, and former President Manuel Solis Palma, who were close to now deposed General Manuel Antonio Noriega, have been sentenced to 44 months and 10 days in prison, according to a ruling reported on 7 June by Fourth Criminal Judge Damaris de Almengor.

The Dignity Battalion leaders, who were arrested following the 20 December 1989 U.S. invasion and remain under arrest at the Modelo Prison, may be released in several months because they have served most of their sentences, according to findings by various legal sources. This does not apply to former President Manuel Solis Palma, who fled secretly to Caracas, Venezuela.

Curiously, the accused Colamarco, Thompson, and Marquinez were found guilty of crimes against state security and were acquitted of crimes against the international community.

Manuel Solis Palma, former Nationalist Liberal Republican Movement secretary, was found guilty of the same crime, in addition to abuse of authority and of the powers of the position he exercised when the crime was committed.

In a 146-page ruling, the judge established that the Dignity Battalion leaders committed actions that disrupted "peaceful consciousness through intimidation and threats perpetrated by mobs," with the aggravating circumstance that weapons were used against Panama's civilian population by the groups so-called Dignity Battalions and Committees for the Defense of the Fatherland and Dignity.

As a result of the prison sentence and for the period corresponding to their arrests, the four were banned from exercising public duties. They were even banned from public office and from running for election, the Judiciary Branch document revealed.

While the accused reiterated their innocence and rejected the sentences, one defense attorney argued that this time the justice courts issued the ruling in a reasonable time. The Dignity Battalion commanders appeared at the hearing held at the Maritime Court on 19, 20, and 21 May.

Luis Eduardo Camacho, Calidonia corregimiento representative, reiterated that in reality "these motions are aimed at offering a disguised amnesty."

Dr. Carlos Abadia, vice president of Civic Renewal Party, asserted "that justice wants to benefit everyone" and "does not serve justice, which is what all the people want."

Referring to the violent repression of Civic Crusade members on 10 May 1989, the leader stressed that the moment of horror experienced by the Panamanian people as a result of the Dignity Battalions' activities cannot be forgotten. On that occasion, President Guillermo Endara Galimany and Vice President Guillermo Ford were also beaten.

Members of the Democratic Revolutionary Party (PRD) have reiterated that the so-called Dignity Battalion leaders were patriots, while Civic Crusade supporters rejected this view because they feel they were repressed.

Reaction to Verdict Viewed

PA0806163093

[Editorial Report] Following is a compilation of reports on reaction to the 7 June announcement of a guilty verdict and the prison sentencing of former Dignity Battalion leaders Benjamin Colamarco, Enrique Thompson, and Arturo Marquinez. All reports were taken from the daily newspaper Panama City CRITICA LIBRE in Spanish 8 June edition. None mentions specifically the sentencing of former President Manuel Solis Palma.

On pages 2 and 64 the paper carries a 100-word report on the reaction by Christian Democratic legislator Gloria Moreno de Lopez, who says she is not pleased with the

sentences given to the former Dignity Battation leaders. Moreno de Lopez suggests that the sentences may be the result of a political pact between the government and the Democratic Revolutionary Party, PRD. Moreno de Lopez claims that the ruling "establishes a bad example" but adds that "she must respect the decision of the court that handled the case." The article does not directly quote Moreno de Lopez.

Also on pages 2 and 64 is a 125-word report with reaction by PRD Legislator Elias Castillo, who says: "The root of this problem is to disqualify these three individuals politically." As for claims by certain political groups that the sentence should have been longer, Castillo says that is the opinion of "people who go to church and come out doing the opposite of what they are preached." Castillo denies the PRD made a political pact to have the sentences reduced. He insists the trial was politically motivated.

On page 64 the newspaper carries a 25-word report with reaction by Leo Gonzalez, a legislator and member of the Nationalist Liberal Republican Movement. He says the prison sentences should have been longer but voices satisfaction with the fact that the men were sentenced. "The important thing is that they were found guilty," Gonzalez says.

Column Views Sentencing of Battalion Leaders

PA0806163893 Panama City LA PRENSA in Spanish 8 Jun 93 p 1

[From the "As of Today" editorial column]

[Text] The conviction of Manuel Solis Palma, Benjamin Colamarco, Enrique Thompson, and Arturo Marquinez on charges of "acting against state security, disruption of peace of mind [perturbacion a la conciencia] through intimidation, and use of weapons to the detriment of Panama's civilian population" restores faith in justice. No one has forgotten those dismal days in which the "Dignity Battalions" sowed terror with the broadest guarantees of impunity. What happened after 20 December 1989 is also well known. Nevertheless, given the seriousness and the number of crimes committed, some people will consider the sentence to be much too light. After all, the military regime punished those who dared to oppose it with barbarous torture and even death. The difference is that we now live in a state of law, and no matter how slight the penalty may seem to us, the criteria used by the judge must be respected. If the Attorney General's Office thinks otherwise, it can appeal the sentence, just as the defendants can. The important thing is, although delayed, justice is functioning with all the guarantees of due process, even though its sluggishness generates impatience among those who fear that time will run out before justice is truly done.

Former Guatemalan President Serrano Comments on Asylum

PA0906025493 Panama City Circuito RPC Television in Spanish 0030 GMT 9 Jun 93

[Text] Former Guatemalan President Jorge Serrano made statements to the media a few minutes ago with regard to the asylum granted by the Panamanian Government several days ago when he arrived in Panama.

[Begin recording] [Serrano] Messrs. journalists, I want to thank you for the insistence and patience you have displayed. I have accepted this news conference for the sole purpose of stating, through you, to the Panamanian Government and people, my and my family's appreciation for the asylum we have been granted.

We have a special affection for the Panamanian people and their government and we are really committed in the light of this demonstration of solidarity with us.

Regarding the internal situation in my country, I believe it is not proper, due to my status as a political refugee in Panama, to make comments in that regard. However, I repeat, thank you very much for your interest and please convey to the Panamanian people and Government my most sincere appreciation for their hospitality and affection.

[Unidentified reporter] Do you plan to stay in our country?

[Serrano] Yes, that is my choice; to remain here.

[Reporter] For how long?

[Serrano] I do not know yet.

[Reporter] Will you go to the highlands, where you were with Mr. [Carlos] Eleta [director of the new party Agrarian Labor Movement]? I heard you liked the highlands.

[Serrano] Obviously, [I will go] anywhere I can go in this beautiful country. I want to tell you that I toured Panama, maybe in.... [pauses] No. I did not tour Panama, but came to Panama many years ago. Here in Panama I won an international oratory contest sponsored by the Mexican daily EL UNIVERSAL in 1967. This taught me to love Panama in a very special way. I later had the opportunity to visit Panama with the Carter-Ford observers mission for the elections. On that occasion I visited many parts of the country's interior.

Therefore, if during this exile I have the opportunity to again tour the countryside, I will definitely do so.

[Reporter] Where do you plan to settle later, in the United States?

[Serrano] No sir. I do not have any plans yet.

[Reporter] What members of your family are with you here?

[Serrano] I am here with my whole family: my wife and my five children.

[Reporter] How many children?

[Serrano] Five children: three boys and two girls.

[Reporter] What are their names? [end recording]

These were the statements by former Guatemalan president Jorge Serrano Elias, who has, thus, broken his silence. However, due to his status as a political refugee, he could not make statements on the current internal situation in Guatemala.

Government Minister Comments on Serrano in Panama

PA0806230993 Panama City Circuito RPC Television in Spanish 2300 GMT 7 Jun 93

[Excerpt] [passage omitted] Government and Justice Minister Juan Chevalier said that former Guatemala President Jorge Serrano's life will be protected by members of the Institutional Protection Service. Minister Chevalier also commented on the asylum granted to former President Serrano.

[Begin Chevalier recording] I believe it was granted for humanitarian reasons. We cannot close the doors on anyone, much less a president who is a personal friend of President Endara and who, politically, is facing a very difficult situation. It was granted simply for humanitarian and friendship reasons. I see no reason why we should close our country's doors to anyone. [end recording]

Even though it is evident that former President Serrano is in Panama, Immigration Director Antonio Dominguez and others have no idea where Serrano is.

[Begin Dominguez recording] If the foreign minister has said that Serrano is in Panama, well, he should know. I have not bothered to find out if he is or is not in the country. He is not a common criminal, yet. [end recording]

Now that Serrano's presence in Panama has been confirmed, questions are arising regarding the possibility that Guatemala will request his extradition. There is no bilateral extradition treaty between Panama and Guatemala, however, the two countries signed a multilateral treaty on 9 November 1929.

Argentina

Menem Cited on NAFTA, Constitutional Mechanisms, Falklands

PY0906025393 Buenos Aires LA PRENSA in Spanish 8 Jun 93 p 4

[Report by correspondent Irene Hirsch]

[Text] Geneva—After his official speech at the United Nations Assembly Hall, President Carlos Menem hosted a news conference during which he said that in Argentina "corruption has practically vanished" after the privatizations. He also mentioned the possibility of Argentina joining NAFTA [North American Free Trade Agreement].

Addressing journalists from the international media, Menem began in making reference to a phone call he made to Felipe Gonzalez "to congratulate him on his electoral victory." Immediately after this the president, who was accompanied by Foreign Minister Guido Di Tella, Labor Minister Enrique Rodriguez, Ambassador Juan A. Lanus, and Media Secretary Raul Burzaco, referred to the possibility of Argentina's joining NAFTA within the framework of Mercosur [Common Market of the South]. The president said that "there are possibilities that Argentina and Chile could meet the conditions for joining NAFTA, because four years ago the foreign ministers of the four Mercosur countries signed an agreement with then President Bush for the purpose of establishing a free-trade zone between Mercosur and NAFTA."

Concerning Mercosur, Menem made assurances that despite Brazil's economic problems, and its monthly inflation rate of 30 percent, the deadlines will be complied with, and on 31 December 1994 or 1 January 1995 "our region will be integrated, through Mercosur."

The international journalists were particularly interested in the subject of corruption. In this regard Menem asserted that "corruption has practically vanished; it has become ancient history in Argentina." He added that the privatization process under way in state-run enterprises has eliminated some pockets of corruption.

Asked about the conditions for recovering the Malvinas Islands, he replied that "the important thing is that we will never again resort to something as catastrophic as war. It will be another war, the war of diplomacy. I have the intuition—people say I am intuitive—that we will recover the Malvinas in the year 2000."

About the political instability in Guatemala, occurring after the resolved instability in Peru and after the impeachment on corruption charges of Fernando Collor de Mello and Carlos Andres Perez, Menem emphasized: "Constitutional mechanisms are working fine. In the past something much weaker produced a coup. In these cases the constitutional regime was not discontinued, to the point that a new president has already taken over in Guatemala."

In this regard the president anticipated an Argentine proposal to the Organization of American States, which might be approved, seeking to amend the organization's charter to isolate and cancel the membership of countries in which constitutional order is broken.

Menem Asks Red Cross To Probe Falklands 'Executions'

PY0806174593 Buenos Aires TELAM in Spanish 1644 GMT 8 Jun 93

[Report by correspondent Luis Mendoza]

[Text] Geneva, 8 Jun—The Argentine Government today formally requested that the International Red Cross take part in the investigations of presumed firing squad executions of Argentine soldiers during the Malvinas war.

This was announced by President Carlos Menem during a news conference he gave this afternoon at the Continental Hotel a few hours before returning to Argentina.

Menem described his visit to Geneva as "very positive" in light of the recognition of Argentine achievements conveyed by several people who attended the ILO [International Labor Organization] annual assembly.

Menem Explains Labor Policies at Geneva Conference

PY0906031693 Buenos Aires LA PRENSA in Spanish 8 Jun 93 p 4

[Text] President Carlos Menem spoke at the 80th International Labor Conference in Geneva yesterday. He elaborated on the process of transforming labor relations carried out by his government, with the basic purpose of "creating the conditions to make internal and external investments attractive."

The president explained that the labor reform "intends to design a legal framework to contribute to the creation of jobs and increased economic and labor productivity," and to reinforce collective negotiations by strengthening the function of unions and organizations representing employers.

Menem spoke for nearly half an hour before the representatives of governments, unions, and entrepreneurs of the 164 member countries of the International Labor Organization (ILO), whose annual assembly is presided over by Egyptian Manpower and Training Minister 'Asim 'Abd-al-Haq Salih.

Menem said that Argentina is dedicating a lot of effort "to a process of deep transformation in labor laws,

particularly in relation to salary policies, reform of the social security system, modernization of labor relations, and professional training."

The president considered the changes in labor laws essential in creating the appropriate conditions for foreign and domestic investments, and as a consequence the creation of new jobs "and improving the competitiveness of our economy."

"It cannot escape anyone's perception that this objective is the only genuine way to really improve the standard of living and incomes of our workers," Menem emphasized. The president received a standing ovation on two occasions: when he entered the premises, and when he finished speaking.

Menem said that the draft bill reforming the law on labor contracts is open to debate, and called on labor leaders and managers to show "an attitude of cooperation and support" in inviting them "to drop the temptation of confrontation."

The numerous labor delegations attending ILO's assembly in Geneva felt that the remark was directed in particular at the CGT [General Confederation of Labor], whose acting secretary general, Naldo Brunelli, could not come to hear the presidential message because he had the flu.

The Argentine president said that official proposals did not have as their intention a reduction in workers' rights, "but rather the clear establishment of the bases for a discussion, making the powers and responsibilities of managers compatible with the rights and obligations of those who work for them."

Regarding the reform of the social security system, Menem said: "We are close to approving a very deep transformation of a system that is totally bankrupt, despite the changes introduced into it in the past few years."

Bolivia

Government 'Satisfied' With Return of Democracy in Guatemala

PY0906025893 La Paz PRESENCIA in Spanish 3 Jun 93 p 7

[Excerpts] Foreign Bilateral Policy Under Secretary Armando Loaiza has said that the Bolivian Government is satisfied with the virtual return of democracy in Guatemala, after President Jorge Serrano decided to resign yesterday and a call for general elections was made.

Loaiza told PRESENCIA that the visit of OAS Secretary General Joao Baena Soares to Guatemala and the specific demands made by this organization helped democracy to return to Guatemala right away. [passage omitted]

Loaiza said: "The Bolivian Government believes that the reestablishment of democracy would be a positive step." He added that democracy can be "perfected" in Guatemala and in other countries "because it is the least imperfect of all."

He recalled that during the OAS General Assembly held in Santiago, Chile, in 1991, an agreement was reached to defend democracy in all Latin American countries.

He added: "There is greater maturity and awareness in the continent. The path of the past decade, that of the coups, would now be difficult."

Preliminary Results of 6 Jun Elections Viewed

PY0906001693 Madrid EFE in Spanish 1726 GMT 8 Jun 93

[Text] La Paz, 8 Jun (EFE)—The local press today reports that the preliminary results of the elections held in Bolivia on 6 June reveal the defeat of the left, the people's support for a market economy, and their rejection of corruption.

The electoral courts continue with the slow counting of votes, preparing a second round for next Sunday for those citizens who could not vote because of managerial mistakes.

According to the preliminary results released through the "Direct Democracy" ["Democracia en directo"] network, the total number of votes was 1,811,110, with 706,325 abstentions, for a total of 2,517,435 registered voters. According to these figures, 41,786 votes were annulled, and 36,048 were blank votes.

Of the 14 parties running in the election, nine failed to obtain the minimum number of 50,000 votes established by the electoral law. Each one will consequently pay a fine of approximately $11,000.

The Nationalist Revolutionary Movement (MNR) obtained 631,235 votes, and the Patriotic Accord (AP) 381,442 votes, making a difference of almost 250,000 votes.

In the elections in 1989 the MNR obtained 363,113 votes, the Nationalist Democratic Action (ADN) of General Hugo Banzer—the current pro-government candidate—obtained 357,298 votes, and the other party of the government coalition, the Movement of the Revolutionary Left (MIR), obtained 309,033 votes.

Fernando Illanes, the president of the Confederation of Bolivian Entrepreneurs, said that the majority obtained by the MNR "must be respected" and that preliminary results show that Bolivians want to maintain the current economic system, consolidating the free market economy.

Leading Candidate Views Possibility of Becoming President

PY0806212993 Madrid EFE in Spanish 0107 GMT 8 Jun 93

[Text] La Paz, 7 Jun (EFE)—Gonzalo Sanchez de Lozada, the presidential candidate of the Nationalist Revolutionary Movement (MNR), is currently leading in the partial vote count. He said during a news conference in La Paz today that he does not envisage any obstacles in getting Congress to elect him.

Sanchez de Lozada said he will begin negotiations in order to ensure an absolute majority of votes in the Congress long before 5 August, the day Congress traditionally elects the president in Bolivia.

Sanchez de Lozada said: "I am willing to negotiate with all political parties represented in Congress," adding that his economic "Plan for All" program "is neither leftist nor neoliberal but will appeal to all political parties."

The MNR candidate said he will wait for the National Electoral Court to announce its results before beginning to negotiate the votes he needs to be elected president.

So far the two populist parties, Conscience of the Fatherland (Condepa) of Carlos Palenque and the Solidarity Civic Union (UCS) of Max Fernandez, are competing for third place with a small margin between them.

Sanchez de Lozada regretted the decision of Patriotic Agreement (AP) candidate General Hugo Banzer, who announced that he will try to get elected by Congress.

"Even the mention of a coalition of various political parties to elect Banzer to the presidency is rejected by the national and international community," said Sanchez, adding that this eventuality "is against the people's will and it is unfeasible."

The MNR candidate said he will fight corruption and will begin at home. He thus referred to alleged corruption reports involving some of his own party followers.

Thousands of people carrying pink banners—the MNR color—crowded downtown La Paz during the first celebration of the MNR victory.

Brazil

Franco Authorizes Disbursement of $500 Million for Cosipa Financial Cleanup

PY0806143493 Rio de Janeiro O GLOBO in Portuguese 6 Jun 93 p 48

[Text] Brasilia—President Itamar Franco has authorized the Treasury to disburse up to $500 million for the financial cleanup of Cosipa [Sao Paulo Iron and Steel Company] in order to make its privatization possible. The transfer—to a company that is valued at precisely $500 million—was discussed by President Franco, Planning Minister Alexis Stepanenko, Finance Minister Fernando Henrique Cardoso, and Privatization Program Commission President Andre Franco Montoro Filho on 3 June. The same issue was again brought up yesterday during a meeting between President Franco and Ministers Cardoso and Stepanenko. The topics of utility rates adjustments and budget cuts also were discussed during this meeting.

According to Privatization Commission sources, the idea is to clean up the finances of the company—which owes other official institutions such as the Bank of Brazil, the BNDES [National Bank for Economic and Social Development], and foreign finance institutions and suppliers about $1.6 billion—and then privatize it through an auction in July. Cosipa's debt to official banks will be rescheduled and the cash contribution will permit the refinancing of Cosipa's debt to foreign creditors and suppliers.

Cosipa costs the Treasury $1.3 million per day. The government decided to clean up the company's finances in order to stop this drain on the Treasury.

Cosipa's privatization—which Stepanenko compares to a car that has suffered an accident and must be sold—has been controversial from the very beginning. The controversy was prompted by the government's indecision about getting rid of the company immediately or cleaning it up and then privatizing it. The commission proposed a compromise: a partial cleanup, debt rescheduling, and then privatization.

Gasoline

Minister Fernando Henrique Cardoso yesterday said he cannot accept the proposal—attributed by the media to the Mines and Energy Ministry—to adjust gasoline prices by 29 percent. The ministry already has released a note characterizing the announcement of a supposed increase as speculation. Gasoline prices increased 40.06 percent in May.

Chamber of Deputies Presents Budget Cut Proposals

PY0906013493 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 8 Jun 93

[Text] The study conducted by the Chamber of Deputies on cuts that might be introduced into the budget bill has concluded. Deputy Inocencio Oliveira, president of the Chamber of Deputies, will present to Finance Minister Fernando Henrique Cardoso a list of possible cuts, adding up to $6 billion in government programs that were included in this year's budget.

Deputy Inocencio Oliveira will send a document including the budget cut proposals to the finance minister. Oliveira will even accept cuts in legislators' amendments in order to reach a federal budget agreement with the government before 30 June.

[Begin Oliveira recording] According to the minister, we only need to cut $2 billion in order to meet the payment

of the 85 percent salary increase to public workers. The study made by the Chamber of Deputies' advisory department allows for cuts of up to $6 billion, that is, three times more than what is needed. The government might therefore chose to cut the $2 billion out of this list of items adding up to $6 billion, or cut less, because part of it could be cut by the Chamber of Deputies, or the Senate, which will then contribute to solving this problem. [end recording]

Deputy Inocencio Oliveira said that the Chamber of Deputies included in the list programs that are not high on the list of government priorities. Oliveira also asked for a list of legislators' possible cut proposals.

* Mercosur Discord in Agricultural Area Discussed

93SM0269A Sao Paulo GAZETA MERCANTIL in Portuguese 6 May 93 pp 1, 19

[Article by Carlos Locatelli: "Barriers in Trade With Argentina"]

[Text] Florianopolis—At the end of March, Brazil banned imports of Argentine apples alleging that there were plant health problems. A week later, it was the turn of the Argentines, who used the same argument to ban the entry into their country of bananas, tomatoes, watermelons, grapes, papayas, and melons produced in Brazil.

This the first serious conflict between the two countries since the establishment of Mercosur [Common Market of the South] in which nontariff barriers involving agricultural products have been adopted. As had been expected, this is one of the most problematical sectors as far as regional integration is concerned.

The governments on both sides deny that they are adopting nontariff restrictions in bilateral trade. The director of the Department of Plant Protection in the Brazilian Ministry of Agriculture, Herminio Maia Rocha, who signed the order banning purchases of Argentine apples, said that the first shipments to arrive in Brazil from this year's harvest contained a large number of larvae of the fly known as Cidia pomonella, which causes early rotting of the fruit.

That pest had previously been found only in isolated areas in Vacaria, Rio Grande do Sul. But as a result of the imports, "we were in danger of jeopardizing all domestic production," said Maia Rocha.

For their part, the Argentines deny that their decision to ban imports of Brazilian fruit is a matter of reprisal. Jorge Iturrizi, head of the Argentine delegation now participating in a round of Mercosur talks on agriculture (Subgroup 8), said the measure "was adopted because of real plant health problems that would harm our crops."

Last year Brazil imported the equivalent of $60 million worth of apples from Argentina and exported a total of $30 million worth of bananas alone.

Iturrizi did not conceal his fear that the Argentine attitude would be interpreted as a confrontation and that the use of plant health restrictions between the two countries would cause problems with negotiations regarding fruit.

Tensions in the agricultural area were already expected because the Mercosur countries compete among themselves in producing a large number of crops.

At the moment, for example, producers in Rio Grande do Sul are blocking roads on the borders with Uruguay and Argentina to prevent the entry of rice at prices lower than their production costs.

The Brazilian Government has been cautious in negotiating with the rice producers because it considers the establishment of any protective tariff that would contravene the Mercosur agreements to be a very delicate matter. But according to Benedito Rosa do Espirito Santo, executive secretary of the Ministry of Agriculture, the producers are correct to a certain extent when they criticize the procedures adopted in connection with regional integration.

The Mercosur countries moved very quickly to open their borders and reduce import tariffs. But little has been done, for example, to harmonize tax policies. The producers in the south are debating how to confront the competition from their neighbors, who pay low indirect taxes of the ICMS [Goods and Services Movement Tax] type.

It will be difficult to avoid the effects of that competition within Mercosur. Just as Brazilian exports of chicken have caused protests in Argentina, so that country's more efficient production of wheat has done a great deal to discourage wheat production in our country. Brazil was previously self-sufficient, but this year it expects to harvest no more than 2 million metric tons—less than one-third the nation's consumption.

Restrictions Adopted

The first confrontation between Mercosur's member countries in the agricultural area is being dealt with away from the negotiating table and in a unilateral manner through the adoption of nontariff restrictions. On 29 March of this year, the Brazilian Government banned imports of Argentine apples—sales of which had earned the neighboring country $60 million last year—on the grounds that there were plant health problems. Larvae of a fly which attacks the fruit but which does not exist in Brazilian orchards were reportedly found in large numbers in this year's first shipments of the crop.

On 5 April, exactly one week after the Brazilian decision, the Argentine Government used the same argument to ban the entry of tropical fruits for an unspecified period.

Included on the list are bananas, papayas, melons, watermelons, grapes, and tomatoes. According to the Argentines, they all contained insects not yet found in Argentina. Banana exports alone earned Brazil about $30 million in foreign exchange in 1992.

"It was not retaliation. The decision was made because of real plant health problems that would harm our crops," said Jorge Iturrizi, head of the Argentine delegation participating in the round of Mercosur talks on agriculture (Subgroup 8) in Florianopolis yesterday.

Iturrizi is afraid, however, that the matter will be interpreted as a confrontation, with the result that the use of plant health restrictions will come to be used constantly by the two countries, thus placing obstacles in the way of the negotiations regarding fruit. "That would be a mistake, because everything will then collapse when the treaty expires in December 1994," he said.

At yesterday's meeting on the subject of fresh vegetables, the Brazilian delegation asked for immediate revocation of the ban imposed by the Argentine Institute of Plant Health and Quality. The Brazilians also want to know whether the decision applies to third countries. Officially, Argentina's representatives made no comment.

In the case of the apples, despite the amounts involved, the subject of the Brazilian ban was not even discussed at yesterday's sectoral meeting, which was attended by representatives of the governments and producers of both countries. The minutes of the meeting contain merely a reference—off the original agenda—to the advantages of joint inspection at both Brazilian and Argentine customs stations.

Iturrizi says that the pest detected in the apples has existed in Argentina for many years and that its presence is also common in Brazilian orchards. Herminio Maia Rocha, director of the Department of Plant Protection in the Ministry of Agriculture, who signed the ban, says that Embrapa [Brazilian Agriculture and Livestock Research Enterprise] has located the fly in Brazil only in isolated areas in Vacaria, Rio Grande do Sul. The fly (Cidia pomonella) causes early rotting of the fruit. "We were in danger of jeopardizing all domestic production," he says.

Until the start of last night, 10 sectoral meetings on agricultural and livestock products had been held.

Discussions are at a more advanced stage in the case of dairy products, and producers and manufacturers of the four countries are scheduled to sign a sectoral agreement in that area. On the other subjects—onions, garlic, potatoes, beans, wine, corn, poultry and eggs, fresh vegetables, and apples—discussions are still centered on the harmonization of technical standards and on analyses of production and marketing costs. Negotiations by Mercosur's Subgroup 8 will continue until tomorrow.

Here are the main decisions reached at the meetings:

- Poultry and eggs: Brazil and Uruguay protested the additional 8-percent tax imposed on eggs by Argentina.
- Apples: Standardization rules based on European legislation were discussed.
- Onions: The Brazilians warned of the need for integrated planning of this crop to avoid overproduction. The Argentines will discuss the matter with their producers.
- Garlic: It was agreed that standardization and marketing rules would follow the Conasur [expansion not given] plan. Paraguay was asked to revoke its ban on garlic imports.
- Beans: Brazil suggested that Argentina replace part of its black bean crop with other varieties to avoid competition.
- Wine: Wine-based distilled beverages will be dealt with at the wine meetings.
- Fresh vegetables: Brazil asked Argentina to authorize the entry of farm produce at the Sao Borja and Santo Thome border stations.
- Potatoes: Brazil suggested that priority be given to removing this product from the Uruguayan and Paraguayan lists of exceptions.
- Corn: The delegations examined the need for joint action to prevent unfair trade practices.

*** Multiyear Plan for 1994/95 Forwarded to Congress**

93SM0269B Sao Paulo GAZETA MERCANTIL in Portuguese 5 May 93 p 3

[Article by Raquel Stenzel: "Government Will Have $10.4 Billion for Investment and Related Expense"]

[Text] Brasilia—The Federal Government will have $98.99 billion available for investment and related expense over the next two-year period. That is the equivalent of 10.69 percent of the gross domestic product (GDP). Of that total, however, only $10.447 billion (1.13 percent of GDP) constitutes unmandated funds—the so-called Fund 100—giving the government the mobility it needs to carry out its projects. The above data are shown in the Multiyear Plan as revised by the Secretariat of Planning (Seplan) and sent to the National Congress on 30 April in the form of a bill.

The Multiyear Plan, which serves as a guideline for planning public expenditure in the annual budgets, was revised to bring it into line with the priorities set by President Itamar Franco's administration. Details of the plan, including the establishment of physical and financial goals, will be worked out after the National Congress reviews the legal measures underlying the Economic Recovery Program announced on 24 April.

Seplan is working on the assumption that GDP will grow by 3.5 percent in 1994 and by 4.5 percent in 1995. In the opinion of the secretary of planning and action, Paulo Renato Ferreira da Silva, that estimate of growth can be considered conservative and pessimistic. He feels that if the constitutional revision this October leads to solid tax

reform, GDP may grow by between 5 and 6 percent as early as next year.

The estimated real interest rate (the maximum limit) used by the government in its Multiyear Plan is 17 percent for next year and 15 percent for 1995, with a zero operating deficit.

Public expenditure on personnel and related charges was set at 4.5 percent of GDP, compared to an actual expenditure of 4.2 percent of GDP last year and a budget forecast of 3.3 percent of GDP—excluding the additional expense of providing equal treatment for the executive, legislative, and judicial branches—for this year.

Funds Available for Planning: Ordinary and Mandated Treasury Funds (at April 1993 prices)

Description	Millions of Cruzeiros	Millions of Dollars[1]	Percent of GDP
1. Total revenues*	5,118,368,799	185,599.2	20.05
2. Constitutionally mandated transfers	1,196,884,427	43,400.7	4.69
3. Available revenues ([1]-[2])	3,921,484,371	142,198.5	15.36
4. Personnel and social charges**	1,148,974,700	41,663.4	4.50
5. Amortization of contractual debt and related charges	2,114,899	76.7	0.01
6. Other current and capital expenditures (legislative and judicial branches)	40,390,925	1,464.6	0.16
7. Funds available for planning ([3]-[4+5+6])*** (federal public administration)	2,730,003,847	98,993.7	10.69

Notes:

* Total revenues excluding issues of public debt instruments (Source 144).

** Includes expenditures for legislative and judicial branches.

*** Available for planning capital expenditures, other resulting expenditures, and spending on the federal public administration's continuing programs.

1. $1.00 = 27,577.54 cruzeiros.

Source: Ministry of Planning.

Total revenues expected during the two-year period amount to 20.05 percent of GDP ($185.599 billion). This includes the expected increase in revenues due to efforts to collect unpaid taxes.

It is estimated that the hunt for tax evaders will increase revenues by 1 percent of GDP next year.

The government's main concern regarding the next two years is the reduction in the amount of unmandated funds for investment and related expense. "The reduction in ordinary funds reduces the government's freedom of action," the secretary said. The $10.447-billion forecast for the 1994/95 biennium represents a 47-percent drop in terms of this year's budget, which totals $7.7 billion.

According to Ferreira da Silva, the drop is due to the fact that social security funds will contribute less to the payment of the Union's social security charges. The Ministry of Social Security has paid as much as 50 percent of the Union's spending on inactive and retired employees. Its contribution will drop to only 10 percent in 1995 and will later be phased out entirely under the terms of the Law on Social Security Costs and Benefits (Law No. 8.212/91).

- Transportation: Plans call for repairing about 10,000 kilometers of roads.
- Electricity: Plans call for completing the Xingo and Samuel hydroelectric plants and the Jorge Lacerda IV thermoelectric plant.
- Communications: The goal is to increase the telephone system's installed capacity by 10 percent per year.
- Agriculture: The government intends to strengthen its areas of research.
- Industry: Sectoral agreements will be followed up.
- Foreign trade: The priority is the further simplification of bureaucratic procedures.

* February Regional Industrial Production Down

93SM0269C Sao Paulo GAZETA MERCANTIL in Portuguese 6 May 93 p 10

[Article by Vera Saavedra Durao: "IBGE Records Drop in February"]

[Text] Rio de Janeiro—Regional industry's performance in February was poor in comparison with January because there were fewer working days in February.

According to figures from the Brazilian Institute of Geography and Statistics (IBGE), industrial production in the Northeast fell by 13.5 percent during the period in question, manufacturing in Pernambuco showed a drop of 1..49 percent, and that in Bahia was down by 1.3 percent. Manufacturing activity in Sao Paulo experienced a drop of 1.35 percent compared to the January level, while in Rio de Janeiro it was down 6.6 percent, in Parana 0.6 percent, and in Rio Grande do Sul 5.7 percent. Minas Gerais and Santa Catarina were the only exceptions, since their production rates were up by 4.06 percent and 8.7 percent respectively.

In the monthly comparison, the declines were smaller within regional industries. In Sao Paulo, for example, production was up 4.9 percent compared to February 1992. Engineering (down 4.8 percent) and chemicals (down 4.7 percent) made negative contributions to that result, but the biggest drop was recorded by the tobacco industry (down 30.1 percent), a decline caused, according to the IBGE survey, by slower demand for cigarettes. The good results in Sao Paulo manufacturing in February 1993 compared to February 1992 occurred in the sectors of plastics (21 percent), basically due to the production of plastic adhesive tape and plastic articles for household use; clothing, footwear, and cloth items (18.3 percent), meaning the production of tennis shoes, shoes, and athletic sandals; and metallurgy (16 percent), which contributed 42.7 percent of the 4.9-percent increase noted in local industry.

* Sao Paulo Residents Polled on Economic Plan

93SM0251A Sao Paulo FOLHA DE SAO PAULO in Portuguese 26 Apr 93 p 1-5

[Article: "Plan Received With Indifference in Sao Paulo"]

[Text] Most middle-class residents of the city of Sao Paulo responded with indifference to the measures announced by Itamar Franco's administration on Saturday, according to a poll of 448 residents of the city of Sao Paulo's well-off neighborhoods that was conducted by DataFolha yesterday.

Of those polled, 61 percent said that Eliseu's plan would neither benefit nor harm them personally. Those saying they would benefit totaled 21 percent, and those saying they would be harmed totaled 9 percent.

Most of those polled do not expect the measures to have any practical effect on inflation. Inflation will remain the same according to 47 percent of those polled, while 20 percent expect the cost of living to rise and 25 percent expect it to decline.

The economic plan was considered good by 51 percent. Only 4 percent described it as bad, while 28 percent did not feel the plan announced by the minister of finance was either good or bad. And 17 percent were simply unable to evaluate the measures.

Most of those interviewed—64 percent—said the country needed measures aimed at achieving medium- and long-term solutions, while 13 percent were in favor of an economic shock that would include a price and wage freeze.

An insignificant number of those polled (2 percent) believes that the current administration is solving Brazil's economic problems. But 48 percent are convinced that Itamar will be able to solve them—he just needs more time. A significant percentage—35 percent—feels that the president will not be able to solve the problems, and 12 percent answered that no administration would be able to.

The DataFolha poll was conducted by telephone yesterday and included 448 city of Sao Paulo residents over 16 years of age living in Sao Paulo's well-off neighborhoods. Interviewees were stratified by sex and age. The sampling has a margin of error of 4 percentage points.

DataFolha is headed by sociologists Antonio Manuel Teixeira Mendes and Gustavo Venturi, who were assisted in this poll by Emilia de Franco, Mauro Francisco Paulino, and statistician Renata Nunes Cesar. Participating in the work were Ailton Alves Gobira (field supervision) and Sandra Dorgan (sample planning).

Chile

Silva Remarks on Guatemala, Says Santiago Declaration 'Effective'

PY0906033693 Santiago Radio Cooperativa Network in Spanish 2300 GMT 8 Jun 93

[Text] Foreign Minister Enrique Silva Cimma stated today that the situation that arose in Guatemala as a result of the self-inflicted coup has proven that the Santiago Declaration, signed within the framework of the OAS, is effective.

Silva Cimma assessed Chilean foreign policy, and specifically referred to the Guatemalan case when asked about OAS activities.

[Begin Silva recording, in progress] ...proves the undeniable effect the so-called Santiago Declaration has in defending democracy. In what sense? In the sense that Latin America no longer suffers what it used to in the past. Currently any attempt to destroy or alter the democratic system prompts the immediate reaction of the entire continent, and this immediate reaction results in the implementation of the actions provided for by the Santiago Declaration, making the OAS a dynamic organization that defends the democratic system. As you well know, the Rio Group has the same criteria. This was clearly proven in the Guatemalan case you just mentioned. [end recording]

The OAS General Assembly, currently held in Managua, Nicaragua, has confirmed that the criticisms and actions against Guatemala have proven to be fully effective. The aborted coup was unanimously condemned, and the actions that sought to squash this attempt were fully agreed upon by OAS member countries.

The Santiago Declaration was signed in 1991 in Chile. The measures and recommendations include suspension of economic aid, suggested measures to abort a self-inflicted coup or coup d'etat, and even the cutting of ties with the country in which authoritarian measures have been implemented, jeopardizing the institutional process.

In referring to other issues, Silva Cimma referred to the fact that Venezuelan President Carlos Andres Perez had been forced to step down from power. Silva Cimma said that it was a painful process, but in keeping with the Venezuelan Constitution.

On the domestic level Silva Cimma revealed that he will summon U.S. Ambassador Curtis Kamman to chat about the case of the poisoned grapes. The United States has failed to answer the proposal, made by the Chilean Government more than two months ago, that the Bryan Commission be resorted to in order to solve the case of the poisoned grapes.

Foreign Minister Discusses Abduction of Chilean Biologist

PY0806205993 Santiago Radio Chilena Network in Spanish 1700 GMT 8 Jun 93

[Excerpt] Foreign Minister Enrique Silva Cimma has described as sinister and obscure the alleged abduction of a Chilean citizen in Uruguay. According to the present unclear reports, it involves a person linked to the military regime's security organizations.

The foreign minister said that background information on this case has been requested from the Uruguayan authorities. He said:

[Begin recording] Our ambassador is continuing to hold with high-ranking Uruguayan Government officials.

I believe that very soon I will be able to give you a fairly clear account of an event that seems to be fairly obscure, fairly sinister.

They first described him as a Chilean military officer, later they described him a Chilean scientist or chemist. The background information is not clear. We are getting directly involved in this issue. [end recording] [passage omitted]

Air Force Chief Says 'It Is Necessary' To Trust Political, Military Leaders

PY0806184793 Santiago Radio Chilena Network in Spanish 1700 GMT 8 Jun 93

[Report by Maria Angelica Rodriguez from La Moneda Palace]

[Text] The Air Force commander in chief, General Ramon Vega, said it is necessary to trust our country's political and military leaders. He pointed out that the relations between the government and the Army is an Army problem. Vega said his policy is not to voice any opinions on other institutions. He made it clear that this issue was not discussed during this morning's meeting with President Aylwin:

[Begin Vega recording] I trust the Army very much. As you know, it is one of our Republic's unique institutions. It has participated, with much dignity, in our national history's main events. We are (?proud) of having an Army like ours. The Army is very professional. I trust very much that all these problems that have arisen and have prompted your questions will be solved correctly. [end recording]

Asked if the Armed Forces represent a threat to democracy vis-a-vis the actions carried out by the Army, the Air Force commander in chief said they are very professional. Later, he talked about his institution:

[Begin recording] Our permanent goal is to endorse permanent values, which represent the foundation of our democracy. [end recording]

General Vega said later that all the FACh [Chilean Air Force] institutional channels are working perfectly well. There is no need to worry, he said. Vega added: Calm must prevail.

Asked if the FACh would have supported a possible coup d'etat, the general said: I am unable to respond to this type of question.

The FACh commander in chief made these remarks after a 55-minute meeting with the president of the Republic. The meeting was requested by Vega.

Gen. Vega said the meeting's goal was to inform the president about Air Force programs for next month, some trips he had to make, some invitations issued to foreign officials to visit Chile in the next few weeks, the upcoming commanders in chief meeting, and routine FACh development programs.

Cuban Council of State Vice President Upholds Single-Party Political System

PY0906035993 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 9 Jun 93

[Text] Carlos Lage, vice president of the Cuban Council of State, today met with Interior Minister Enrique Krauss. The high-ranking Cuban leader referred to his country's interest in broadening its economic relations with Chile.

As is well known, Cuba is facing critical times due to the U.S. blockade and the collapse of world socialism. In addition to this it is enduring a disease affecting some 25,000 Cubans, who are going blind.

The proposal put forward by Fenalco Antioquia is that each trade association will be responsible for encouraging its affiliates to transfer the money to the new fund, which will be managed by the businessmen themselves. The various programs would be paid for with the interest payments, or with part of the capital.

Supporting the Government

The board of directors of Analdex insisted that the government should be supported so that it can allocate the funds from the bonds (208.808 billion pesos) to improve the operating capacity of law enforcement agencies.

The exporters supported the Finance Ministry's decision to cut 206 billion pesos from public spending.

"This policy will provide an additional margin to begin the urgently needed process of restoring the exchange rate to levels that will keep national production competitive," they asserted.

Analdex believes that the elimination of the war bond will not produce a fiscal crisis, as the authorities have said.

It does, however, think that the private sector must support government institutions, especially the military and the police, so that they can restore public order throughout national territory.

Camacol Cali, for its part, has asked its members not to claim the money from the bonds but to use the money to establish a national defense fund.

The proposal, initially presented by Tulio Echeverry Roiz, president of the Cali Exchange, and builders Hernan Borrero and Gilberto Saa, was signed by 30 businessmen in the sector. It was approved in a unanimous vote of the 35th Assembly of Camacol del Valle.

Echeverry Roiz stated that the money is necessary for law enforcement agencies to deal with subversion, drug trafficking, and terrorism.

"With the funds from the war tax, some of the needs of the Army, the police, and the Navy were met. That gave us a feeling of security, and led us to believe that the struggle was being waged on an equal footing, to a certain extent," he said.

The association leader indicated that when the tax was thrown out, there was a widespread reaction of worry and uncertainty about preserving the integrity of the nation and the stability of the country.

Echeverry pointed out that the money had already been paid. It had been recorded on the companies' books, and they had already absorbed the impact, so it would be easy to turn the money over to the national government.

The proposal was sealed with an ovation at the Intercontinental Hotel, where the builders association of the Valle region met.

Echeverry extended his proposal to the various economic associations of the region and of the country, as a contribution to law and order and favorable conditions for the country's development.

All With Camacol

The national president of the trade association, Alberto Vasquez Restrepo, said that "Camacol believes that all Colombians should show solidarity with the government at this time, so that we can act fast to find a solution that will allow the normal development of our economy to continue, as well as pursuing the struggle against terrorism and corruption."

In a communique issued by the association's board of directors, all members were urged to turn over the amount invested in the so-called war bonds to the national government.

* Hommes on Impact of Lost 'War Bonds' Revenue

93SM0258A Santa Fe de Bogota EL TIEMPO in Spanish 28 Apr 93 p 1B

[Interview with Minister of Finance Rudolf Hommes by Hermogenes Ardila: "Spending Cut By 206 Billion Pesos"; place and date not given]

[Text] *"The government seeks support from businessmen, asking them to exchange bonds for TES."*

At the conclusion of a lengthy trip abroad spent promoting the sale of Euro-bonds, Minister of Finance Rudolf Hommes returned home and immediately began work on a plan of action aimed at solving the drop in security bonds and the increased fiscal deficit.

The measures were drafted yesterday. The bonds will be used as an instrument of payment for back taxes and tax liabilities generated this year.

In an effort to solve the problem of the fiscal deficit (which, without the bonds, amounts to 194.5 billion pesos), spending will be cut by the millions. The total budget adjustment will amount to some 206 billion pesos.

The finance minister personally explained his strategy:

[Ardila] How great is the impact on public finances of the decline in domestic bonds for development and security (BDSI)?

[Hommes] We have engaged in extensive discussions with the Bank of the Republic board and IMF officials about whether the bonds were to be classified as fiscal or capital income. The conclusion was that the BDSI should be entered on the books as a debt. In practice, when the Constitutional Court requires us to return the bonds, it forces us to seek other sources of financing.

[Ardila] But no matter what, that situation affects public finances.

[Hommes] The bonds have no effect whatsoever on the deficit. The bonds are a capital resource and it is simply up to us to look for other sources of financing.

[Ardila] What sources have been identified to make up the 208 billion?

[Hommes] We are forced to use our imagination here. We are going to draw up a program aimed at achieving the following: Individuals owing taxes payable before 31 January 1987 will be able to cancel such obligations with the BDSI. We will accept up to 150 percent of the value of the bonds.

For taxes due between 31 December 1987 and 31 December 1989, the bonds will be worth 125 percent of their value. For more recent obligations dating from 1 January 1990, the bonds will be worth 100 percent of their value.

[Ardila] Will this strategy be sufficient to recover the amount of the bonds bought by taxpayers?

[Hommes] If we recover what is on the books, particularly the backlog, the problem will be solved because it will be net income. The amount we recover this year will be only 42 billion.

[Ardila] How will the money be returned to those buying the bonds?

[Hommes] The program will get off to a fast start as soon as the court officially notifies us of its ruling. The first item of business will be to ask taxpayers whether they owe the government money. If they do, then we shall determine their classification depending on the deadlines that I explained.

[Ardila] Have these liabilities been entered on the books?

[Hommes] For the period between 1987 and 1989, back taxes total over 80 billion pesos. There is an additional sum of 130 billion from before that date. Even if we do not expect to recover everything, anything repaid is pure profit. One might be justified in thinking that this part of the plan is inadequate to make up for the entire 208 billion pesos in bonds.

[Ardila] What other alternative are you considering?

[Hommes] The government is going to ask businessmen who have underwritten these bonds to help us. We have TES (Treasury bills) auctions every five years and we hope that people will voluntarily invest in such paper. Bonds will be accepted as payment.

[Ardila] What sort of compensation does the government propose?

[Hommes] This is a gesture of support because it will be a totally voluntary investment. We think the government is making a great domestic security effort, and we must continue along these lines.

[Ardila] There will be taxpayers who owe no back taxes who are not interested in the TES. What other possibility is being analyzed?

[Hommes] Businessmen with bonds will be able to pay taxes due this year if they want to do so and for the face value. If they have bonds left over, we shall return their money provided they owe the government nothing. In this way, we shall minimize the financial impact of the drop in bonds.

[Ardila] So you are ruling out the possibility of resorting to borrowing from other countries?

[Hommes] We will not use foreign borrowing for that purpose.

[Ardila] In addition, a typical fiscal problem has recently been discovered. What is its cause?

[Hommes] Revenue was truly overestimated by the macroprogram. In the light of payments received from major taxpayers, we have revised projected income and must now make a downward adjustment of some 213 billion pesos.

[Ardila] What is the reason for this?

[Hommes] We are investigating the causes. I think there is a problem with adjustments due to inflation because taxes were expected to clear 100 billion.

I suspect the accountants are being very creative in their application of the system. They may well be adjusting costs rather than income.

[Ardila] Can you fill that "hole"?

[Hommes] We must cut the budget by 206 billion pesos.

[Ardila] Which sectors will be affected?

[Hommes] Investments, by nearly 70 billion, general spending, by some 56 billion, and interest adjustments, because we shall sell about 80 billion less in Treasury bills.

[Ardila] What specific investments will be cut?

[Hommes] We are paying off all back debts, to the tune of some 30 billion, plus another 40 billion in projected cofinancing. In terms of general spending, there will be a 10-percent cut across the board.

[Ardila] So there is no need to revise macroeconomic goals?

[Hommes] This plan solves the problem and it will not be necessary to adjust goals. Members of the issuing bank board can rest easy because we are making the necessary adjustment on our side.

[Box, p 1B]

Measures

Taxpayers who have bought domestic bonds for development and security (BDSI) may repay back debts to the Treasury. In the case of debts due prior to 31 January 1987, the BDSI will be worth 150 percent of their value.

For liabilities due between 31 December 1987 and 31 December 1981, payment will be accepted for up to 125 percent of the bond value.

In the case of liabilities due on 1 January 1990, bonds will worth 100 percent of their value.

The government will seek the support of businessmen, asking them to buy Treasury bills (TES) to be charged against the bonds. This would be a voluntary investment.

Taxpayers owing no back taxes but who hold bonds may pay taxes for the current year if they so wish.

When these possibilities are exhausted, those who still have bonds may have their money refunded provided they owe nothing to the government. This strategy will be implemented as soon as the Constitutional Court announces its ruling.

The fiscal "hole" (194.5 billion without counting the bonds) will be filled by cutting spending by 206 billion pesos.

Of that total, 70 billion will go for investments, 56 billion for general spending, and 80 billion for interest adjustments if the entire TES debt space is not used.

Major taxpayers will be audited in an effort to ferret out possible irregularities in adjustments for inflation.

* Benefits of Economic Liberalization Discussed

93SM0259A Santa Fe de Bogota EL ESPECTADOR in Spanish 29 Apr 93 p 6B

[Text] Corporate balance sheets in the first quarter confirm that the economic liberalization program has been well assimilated both in financial groups and in manufacturing companies. Sales, assets and profits are up. While some businesses report negative balances, this is attributed to adjustments for inflation. Prospects for the remainder of the year are positive, say business leaders.

Colombian companies have adapted to the new development model and today report better indices than they did a year ago, according to the first balance sheets for 1993 now being released.

According to these financial reports, between January and March sales, assets, and equity rose, and there were gains in the use of installed capacity in some manufacturing companies.

Financial companies reported increases in investments of their portfolios, in equity, and also in assets.

These data confirm the Fedesarrollo [Federation for Development] report prepared at the start of 1993 to evaluate the economic liberalization program's impact.

This survey of businesses covered 385 companies in the formal industrial sector in Colombia's major cities.

Favorable steps often cited by the businessmen surveyed at this time were mostly related to imports, when the cost of purchases of equipment and materials was reduced.

Other measures introduced with the new model, like the reform of the exchange system and trade liberalization with Venezuela, were also considered positive by a significant percentage of businesses (28 and 30 percent, respectively), according to the Fedesarrollo study.

The research group concluded that "the economic officials' assumption of inefficiency [on the part of Colombia's businesses], which justified the liberalization program, was unfounded."

"The fact that such a small number of businesses consider the elimination of the old concession system unfavorable shows that this was not an infinite protection mechanism that covered up the inefficiency of Colombian manufacturers, as people used to say. Even the tariff reductions on goods similar to those produced by local businesses were considered negative by only 29 percent of the businesses, and very negative by barely 10 percent."

"The only step adopted in the liberalization that was definitely considered unfavorable was the cut in export subsidies, the CERT [Tax Reimbursement Certificates]," noted Fedesarrollo.

Of the companies surveyed, 66 percent considered their position in relation to foreign competition good, and 19 percent considered it excellent. This means that 85 percent of the companies feel ready to compete openly against foreign products.

Competition Is Good

Businessmen, who used to be worried, now feel competition is good and they have lost their fears of the liberalization program. When asked about the strategy used to face increased international competition, the most frequent response was upgrading equipment (41 percent).

The second most frequent response was making efforts to improve quality control (40 percent); the third place answer (37 percent) was adopting new technologies. With the liberalization measures, not only was the import of equipment and supplies easier and less expensive, but it also indirectly favored the acquisition of technology by making the foreign investment process and the exchange system more flexible.

The increased competition faced by industry has also led to more personnel training (31 percent), very often related to the process of equipment upgrades and new technology.

In 25 percent of the companies, increased production and specialized production lines have been used to deal with greater competition.

These results suggest, says Fedesarrollo, that in the future there will be significant gains in industrial productivity, since it means that in many cases resources have been reallocated within production units, away from lines which had no comparative advantage toward those considered more competitive.

"The assumption of inefficiency had led people to think that economic liberalization would cause many companies to use more imported resources and even to become assembly plants or just marketing centers for foreign goods"; however, today's results show the contrary.

Good First Quarter Results

During the first three months of 1993, business activity was strong, clearly indicating that industry and the financial sector have adapted to Colombia's new economic conditions. One such case is ICCSA [Colombian Shirt Manufacturing Company], whose assets came to 3.378 billion pesos, up from 2.439 billion a year ago.

Before-tax profits rose to 187 million pesos, whereas in March 1992 there was a negative balance of 61 million.

The number of employees rose from 1,003 to 1,044, and the use of installed capacity increased from 90 to 95 percent. ICCSA was the second company in equity return last year, reported the Stock Exchange of Bogota.

Hoechst Colombiana, S.A. ended the quarter with increases in its business indicators. And at the chemical firm ELF Atochen, the balance was also positive. Before-tax profits rose from 157 million in March 1992 to 280 million in March 1993, and exports from 110 million to 163 million.

Financial companies also reported positive results. In the case of Multifinanciera, a loss was reported, which its directors attribute to adjustments for inflation. Even so, if other indicators are examined, there have been clear gains.

* Rules on Short-Term Foreign Credit Revised

93SM0267A Santa Fe de Bogota EL TIEMPO in Spanish 27 Apr 93 p 1C

[Article by Hermogenes Ardila: "Issuing Bank Will Ease Financial Opening"]

[Text] *Foreign Credit for Under a Year*

Starting this year, short-term foreign borrowing by the private sector for the purpose of financing capital goods or any other economic activity will be allowed in our country.

Such a decision is about to be made by the Bank of the Republic's board of directors, which is evaluating procedures and drafting criteria aimed at implementing the new strategy.

The private sector is currently allowed to seek financing from the international financial community, but only for periods of over a year.

According to former Minister Maria Mercedes Cuellar de Martinez, who is a member of the issuing institute's board, the goal is now to gain access to short-term credit. "That is the direction in which we must head."

"It is the element we need to complete the opening of the financial sector," the banking official said, observing that the issue is on the corporation's future agenda.

In practice, Colombian middlemen will have greater competence because this type of credit is heavily used by industry.

As a result of the decision made in February of last year to lower the term limit to one year (indebtedness for shorter terms is prohibited except in the case of imports), nearly $350 million entered the country.

According to monetary authorities, that competence helps stabilize interest rates.

In order to provide compensatory measures, the Bank of the Republic board will reduce the regular reserve and continue the policy of eliminating required investments.

That reserve, meaning the percentage of receipts that financial middlemen are required to transfer to the Bank of the Republic, now stands at 41 for regular private accounts.

The National Association of Financial Institutions (ANIF) and Colombian Banking Association (Asobancaria) have both asked to reduce the current limit, deeming it virtually a tax.

The issuing institute board will also study the possibility of revising its own position, which is the amount of their own resources that middlemen must invest in foreign currency.

According to the Bank of the Republic board of directors, the purpose of the financial policy is to continue lending money at reasonable interest rates since this stimulates the productive sector and reduces both producer and consumer costs.

A document recently drafted by Cuellar de Martinez and Roberto Junguito Bonnet, members of the issuing bank board, titled "Multibanking: A Pragmatic Approach," indicates that the high interest rates that prevailed in the

past were the result of the privileged position enjoyed by institutions on the Colombian market.

"The traditional limited nature of the market and the resulting surplus demand for credit caused financial middlemen to compete aggressively for deposits without being overly concerned about their timely investment," the analysis states.

For both members of the monetary, exchange, and credit corporation, the situation described has changed radically.

The banks' traditional customers, who enjoyed easy access to credit, tended to disappear during the first half of 1992 for several reasons, the document states.

According to Cuellar de Martinez and Junguito Bonnet, one of the reasons was the decline in profitability of financial assets abroad and the enormous cost of domestic credit that characterized the market throughout all of 1991.

This situation, along with the proprietary amnesty granted in mid-1992, may have encouraged the repatriation of capital. Businesses began to finance operations using their own resources rather than back domestic credits charged to deposits abroad.

They also contributed to expansion of the financial sector, the opening to foreign investment, and the authorization to borrow abroad for terms of over a year.

"While this authorization to borrow may not have resulted in substantial revenue, it did help big business negotiate with financial middlemen for substantial reductions in interest rates," the study concluded.

* Dumping, Contraband Sales Harm Industry

93SM0268A Santa Fe de Bogota SEMANA in Spanish 11 May 93 pp 58-61

[Article: "The Risks of Liberalization"]

[Text] One of the biggest dangers of economic liberalization is that the lack of effective customs controls may destroy a good part of the nation's industrial stock. So it is essential that the effort of modernization and incorporation of advanced technology being demanded of business be accompanied by a no less significant effort on the part of the government and its officials to enforce strict controls against unfair trade practices. These practices may take the form of dumping—selling products at prices that are too low—or real and technical contraband, but they may also take the form of restrictive trade practices, such as deceptive advertising, imports of falsified products, market segmentation agreements, and predatory pricing.

In Colombia's current import boom some serious problems of dumping and real and technical contraband are taking on disturbing dimensions. In industry the sectors most affected so far have been chemicals and petrochemicals (PVC, polypropylene, fertilizers), textiles and clothing, footwear, white printing and writing papers, and steel.

The dimension of the problem is such that Colombia is on the verge of a major crisis in the textile sector. World inventories are much greater than demand, and the Asian overproduction which is being exported all over the world has led to quotas in the United States and compensatory antidumping fees of up to 500 percent in Mexico. And remember, the industrial crisis of the early 1980's started precisely in this way.

In agriculture, last week the government had to set minimum prices on over 60 products to avoid possible dumping.

The serious part of this phenomenon is that by the time businessmen start to notice it, the damage has already been done, and then it may take the government several months to take any action, which is long enough to bring the business to bankruptcy. The first symptoms to appear, like price cuts, are followed by declining sales, cancellation of orders, and accumulation of inventory. Then the businessman has to start to get information to determine whether the symptoms of the problem affecting him are signs of contraband, dumping, or some other unfair trade practice.

The Investigation Calvary

In theory, the antidumping mechanism provided by Colombian legislation is not bad per se. But in practice, it is hard to apply, since there are no suitable mechanisms to obtain adequate statistics on goods that are actually entering the country, and to get this the Colombian producer has to undertake a sort of calvary for protection. The organizations that act in this sort of case are: Incomex [Foreign Trade Institute], Customs, the Office of the Superintendent of Industry and Commerce, and ultimately, the administrative courts and the Council of State when government channels have been exhausted.

As Colombia is a member of GATT [General Agreement on Tariffs and Trade], it must comply with basic treaty requirements when dumping is suspected. These requirements include conducting an investigation to determine its existence, the existence of damage, and the causal relation between the two.

Then the question that arises is who bears the burden of proof. There have been many discussions on this point. Most countries agree that in order to demonstrate dumping it is sufficient to have some grounds for judgment, since obtaining direct and overwhelming proof of the existence of dumping is impossible, as that would require something like a confession by the foreign manufacturer, an invoice, or accounting books of the party involved in dumping. In general, such proof is not available in the public record, and consequently, it is

necessary to be guided by a series of grounds for judgment [or circumstantial evidence]. And if those grounds indicate that there is sufficient reason to begin an investigation, Incomex must do so. At that point the burden of proof is reversed, and the foreign exporter must demonstrate that he is not engaging in dumping.

The hard part is reaching the stage of being able to present grounds for judgment to Incomex to induce it to begin an investigation. Local manufacturers have three sources of information for this: the first source is the import records issued by Incomex, perhaps the most complete documents. They list the export price, the product description, the name of the exporter, the importer, and the country of origin. The second source is cargo manifests—lists of all the merchandise that comes into Colombia by sea separated according to tariff position. This is proof that it entered the country. And the third source is Customs manifests, from which it may be established whether the merchandise was legally imported, its declared price, and the taxes that were paid.

The big disadvantage, though, is that the information generated by these three sources very often does not agree. At the present time the import records issued by Incomex are reliable, since as there is freedom of imports and no prior license is required, importers order what they really need and plan to import. The problem arises in obtaining the cargo manifests. And when they are obtained and compared with the import records, the strange fact is frequently found that the quantities are much smaller than those listed in the import records. This may be caused by two factors: (i) the records have not yet been used, as six months are allowed to do so; or (ii) the merchandise is improperly listed on the cargo manifests or is improperly classified by the importer. And it often happens that as it is improperly classified, its entry into Colombia is not detected.

As a final resource, there is the Customs manifest. Customs statistical data should show what merchandise was imported and its tariff class. However, that information is almost impossible to obtain. It is not that Customs does not have it, but rather that it is not properly arranged and filed, and consequently it is not possible to obtain a list for the six-month period as required by law within a reasonable time period.

Moreover, under the new legislation Customs appraisal has changed from being a general practice to becoming the exception. As a consequence, no official physically examines the product, and some people believe that importers and merchants are now bringing in products declared as if they belonged to another tariff class—for example, PVC has been imported declared as polypropylene—and so it becomes very difficult to prove dumping.

But finally, if the documents are obtained and it is found that the price listed on the records is irregular, it is necessary to do a complete analysis that may take up to a year of work, checking record by record to extract the information. Afterwards the information has to be cross-checked with the cargo manifests and Customs manifests, and based on that, a process of elimination is used until some grounds are obtained indicating possible dumping.

There is still the obstacle of proving that damage has been caused. Normally, this is based upon balance sheets and accounting records of the company affected. But there is a problem of confidentiality. If balance sheets are submitted, the party doing the dumping could learn more about the local manufacturer's costs and other information, since the files are public documents and this could be used to destroy that company.

Both the antidumping statute and GATT itself state that a confidential log should be filled in along with a public version of the data. This depends on the application of the statute. To date Incomex has respected and applied this confidentiality, since in the investigation even technical formulas must be revealed. There are, however, fears that this may change, since some attorneys representing foreign manufacturers are attempting to have this confidential information revealed. It is essential to preserve this protection, since it provides the basis of the mechanism's efficacy. If it is not preserved it would be necessary to design, as a minimum, a system like the U.S. arrangement which allows the adversary's attorney access to confidential information, but first he or she must sign a confidentiality agreement, provide a bond, and agree to destroy the information after use.

What Is the Government Doing?

Then there arises the question about what the government has done in this area. Actually, in the two years of economic liberalization, there are only a few instances of the imposition of compensatory tariffs. There was the case of orthophosphoric acid, in which the Columbian manufacturer, PAAD [Andean Producer of Acids and Byproducts], requested an investigation and did get tariffs imposed on the product of the Belgian manufacturer, Pryon Rupell, and also on a U.S. product. There are also two investigations now in progress: one brought by Monomeros Colombo Venezolanos and Abocol concerning fertilizers made by Basf Chemicals, and another by Andi [National Association of Industrialists] concerning steel imports from Cuba. And last week Andi announced that it plans to file complaints related to dumping cases in the textile, clothing, and footwear industries as well.

The manufacturers affected have complained that Incomex seems to be overly concerned about avoiding violations of international agreements by imposing antidumping tariffs without complying with GATT's requirements. This means that it is not as responsive as might be desirable in this area. It is also true that Incomex is not prepared to handle the volume of work implied by the antidumping statute, nor does it have the staff to do so. However, some people also say that

Incomex, even though it needs to reduce investigation time and improve internal procedures, has still done a great deal. According to the director of Incomex, Leonardo Sicard, "Many complaints have been filed but a substantial number have not met the requirements or have procedural defects." He added that "a great effort is being made to train officials, and within the next few days we are going to issue new procedures that should improve the process."

The case of Customs is somewhat more dramatic. They have done away with the appraisal mechanism, using reference price lists, and they do not have data mechanisms. It would be ideal for Customs to have a serious and reliable data bank to control dumping, technical contraband, and underbilling. If that existed, these businessmen would be the leading allies and colleagues of Customs, for it would be an effective way to control unfair competition.

Without information, it is practically impossible to demonstrate and prove dumping. According to a manufacturer hurt by dumping who was consulted by SEMANA, the logical remedy for this problem would be, until the government can provide suitable information, for it to turn around the burden of proof and require the Colombian importer and the foreign exporter to prove there is no dumping or technical contraband.

In addition to having data, it is essential for Customs to operate well so that Colombian industries will not be bankrupted with the economic liberalization. Without appraisal, it is very difficult to control what products are entering the country, and this control should exist, at least for the products most liable to be affected by dumping and products included in the same category of the tariff nomenclature.

In addition, some people think there should be an international trade commission to act as an appeals court after government processes have been exhausted. That is even recommended by GATT, and it is true that neither the administrative courts nor the Council of State has the specialized knowledge or the experience to deal with such issues. This court should be independent of Incomex and Customs and have tribunals with specialized divisions to handle intellectual property, trade remedies for problems such as dumping, violation of the rules of origin, customs valuation, unfair competition, and restrictive trade practices. All these issues require highly complex economic studies to reach a decision, and the courts now handling this work in Colombia do not have such resources available.

Economic liberalization has challenged Colombian manufacturers to modernize and prepare themselves to become worldwide competitors. Of course, this has been good for Colombia, but it also requires the government to make an effort so that Colombian industries will not end up as an easy prey for unfair competition.

Uruguay

President Lacalle Comments on Problems Facing Mercosur

PY0806162893 Montevideo Radio El Espectador Network in Spanish 0930 GMT 8 Jun 93

[Text] [Passage indistinct] With regards to the problems confronting Mercosur [Common Market of the South], President Luis Alberto Lacalle stated that within that age-old mystery of the attraction exerted by politics, it is the same old story about the gap between what one wants and what one can actually do. He added that (what was agreed upon?) in the Treaty of Asuncion gave rise to a situation that is difficult to handle in the four member countries, and this is precisely what is happening in Uruguay. This is the reason why, Lacalle contends, Latin American integration should be accomplished step by step.

After being asked whether enthusiasm for Mercosur is fizzling out in Uruguay, Lacalle answered that it is like marriage—it seems ideal before the actual marriage takes place, but it turns out to be anything but ideal afterward. [passage indistinct]

Police Chief Removed Over Abduction of Biologist

PY0706184393 Montevideo Radio El Espectador Network in Spanish 1600 GMT 7 Jun 93

[Excerpts] The Interior Ministry issued a communique last evening at 1940 local time [2240 GMT]. It states that following an operation on 15 November 1992 at the Parque del Plata [summer resort] police precinct, and having informed the president of the Republic, the executive branch has decided to remove Canelones Police Chief Superintendent Colonel Ramon Rivas from office and appoint Chief Inspector Jose Davila Diaz, retired, as acting police chief superintendent. The communique adds that Interior Minister Juan Andres Ramirez has instructed the police prosecutor's office to conduct an administrative investigation to determine who is responsible and to report to the appropriate court of justice. [passage omitted]

The case involves the abduction of a Chilean biologist. This story has been given full coverage in all the Montevideo dailies today. It is alleged that a Chilean, an expert in biological weapons, was kidnapped in Buenos Aires by members of the Armed Forces and clandestinely brought to Uruguay where he was hidden in the home of an Army officer in Parque del Plata. It is not known whether this person is still alive.

During the military regime [1973-1984], Col. Ramon Rivas was the mayor of Florida and prison warden at the women's penitentiary in (Punta Barrieros).

President Lacalle, who is currently on a state visit to the United Kingdom, was informed of the situation by telephone during a meeting between Acting President Gonzalo Aguirre, Interior Minister Juan Andres

Ramirez, Defense Minister Mariano Brito, and General Juan M. Rebollo, the Army commander in chief.

Unofficial sources have reported that the Chilean citizen is a member of the Armed Forces who had been tried in Chile for human rights violations and that he was allegedly involved in arms trafficking to Iran and Iraq. The same sources add that he was kidnapped in Chile by members of the Chilean Armed Forces and taken first to Buenos Aires and then to Atlantida summer resort in Uruguay where he was kept under round-the-clock surveillance in a residence that allegedly belongs to Col. Ramon Rivas.

He managed to escape on 15 November 1992 and sought refuge at a residence that belongs to a retired Navy captain. The Chilean biologist lodged a complaint before the Parque del Plata police stating that he had been kidnapped. The case became known to the police chief superintendent, who allegedly ordered that the Chilean citizen be put under the custody of a colonel, as the former suffers from psychiatric problems. The case came out into the open following a complaint filed before the Interior Ministry after Lacalle's departure for London. The whereabouts of the Chilean is, however, unknown. [passage omitted]

Intelligence Services 'Agreement' Over Biologist Viewed

PY0806231193 Montevideo Radio El Espectador Network in Spanish 0930 GMT 8 Jun 93

[Excerpts] Military and civilian sources have stated that a Chilean scientist and member of the Armed Forces was allegedly brought to Uruguay against his will following an agreement between Uruguayan and Chile intelligence services. The Uruguayan Government reportedly had full knowledge of the agreement. When the scandal came out into the open, the government was forced to remove Canelones Police Chief Superintendent Colonel Ramon Rivas and instruct the Defense Ministry to conduct an investigation.

Military sources reported that Chilean Army members asked their Uruguayan counterparts to hide the Chilean biologist for a time as he was involved in allegations of human rights violations in Chile. The sources added that the Chilean had worked at a military facility in northern Chile that manufactured weapons, including missiles and chemical warheads. Many prisoners were held there during the military regime.

The scientist, who has a military rank, was taken against his will from Santiago to Buenos Aires, where he was contacted by Uruguayan officials who took him to Parque del Plata summer resort. There he stayed at a comfortable, well-stocked house.

On 15 November 1992, the Chilean citizen had a nervous breakdown, smashing windows and destroying many of the objects in the house where he was living. This attracted the attention of neighbors. One of them—a frigate captain—ran to the house to find out what was going on. He spoke to the Chilean and they both decided to go the local police precinct. There the Chilean lodged a complaint, stating that he was an Army officer who had been kidnapped and brought to this country. Sources reported that the Parque del Plata chief superintendent of police phoned his Canelones counterpart, Col. Rivas, retired, who knew about the agreement between the Uruguayan and Chilean intelligence services. He ordered that the dossier on this case be shelved without informing the Interior Ministry. The Chilean scientist was immediately taken to another country.

The case only came to light on 4 June, when three police officers from the Canelones police precinct—who had been cashiered for their link to the case—filed charges against Col. Rivas at the Interior Ministry and reported on the events that took place on 15 November 1992 in Parque del Plata. The same sources report that when Interior Minister Juan Andres Ramirez learned of this he telephoned President Luis Alberto Lacalle in London and informed him of the case. It was then decided then to remove Col. Rivas and appoint Davila Diaz.

The Defense and Interior Ministries will issue a joint statement on this case tomorrow. [passage omitted]

Sources close to Menem's administration in Argentina have said that the Uruguayan Government has not filed any notification of the alleged abduction. [passage omitted]

An EFE news agency dispatch today quotes governmental sources as saying that President Lacalle will cut short his visit to the United Kingdom due to the serious events that have been made public.

In Chile, it was reported that the Chilean Army did not know anything about this case. El Espectador reporters talked last evening with Santiago's Channel 4 Network reporters who confirmed Chile's stance on this issue. They said that Chilean courts have initiated an investigation and have called for information.

Venezuela

Perez Comments on Acting President Velasquez

PA0806222293 Mexico City NOTIMEX in Spanish 1202 GMT 8 Jun 93

[Text] Caracas, 8 Jun (NOTIMEX)—Suspended President Carlos Andres Perez of Venezuela has said he trusts Acting President Ramon J. Velasquez will manage to restore normalcy to the country, which has been paralyzed for several months due to the political turmoil.

Perez said that he would accept Velasquez completing his constitutional presidential term, if the trial against him for alleged embezzlement should conclude before such term ends, in February 1994. An acquittal would legally allow him to return to power. "I have the option of returning, but that is not my main concern," Perez

said in an interview granted to NOTIMEX. He underscored the need to create a positive atmosphere for the presidential and legislative election in December.

During the interview with NOTIMEX and the Argentine TELAM News Agency at La Casona, the Presidential Residence located in eastern Caracas, he said that the approval of special economic powers for Velasquez would consolidate the adjustment program initiated in 1989. "This would be one of the better prices I would be paying for my current situation," he added in referring to his suspension approved by the senate on 21 May to stand trial on charges of alleged embezzlement and mismanagement of government funds.

He believes that the interim government must consolidate the economic adjustment measures by approving the tax reforms package, which has been bogged down by congress, which opposes the suspended leader, since 1990. Perez affirmed that he is willing to smooth the way for the acting president in facilitating legislation or a special economic powers law. He praised the selection of Velasquez, whom he called "one of the players in the modernization process of the Venezuelan State, and promised to give him his support and a to keep low profile during his current suspension.

Carlos Andres Perez reaffirmed that he was the victim of a civilian coup, which followed the two attempted military coups during 1992. He added that he is involved in a legal proceeding "based on political issues" and denied that his political career was over. He contended that the two failed military uprisings of 1992 were followed by a "civilian coup, which has led to my suspension as constitutional president and my involvement in a legal proceeding based on political grounds." He repeated that he will arise victorious from these proceedings filed against him at the Supreme Court of Justice, "because the president does not manage the secret account and because he is not ready to tarnish his 40 year political career."

Perez, now 70, indicated that his political career is far from over and that during his long life in public administration "I had many opportunities to handle secret funds at my discretion; when I was minister of the interior in the 1960's." "I am not hurt by the frustrations of others," he said when commenting on the trial promoted by Attorney General Ramon Escovar, one of his worst rivals. He explained that he became "a sort of victim of my own administration's efforts to lift the barriers of power at Miraflores, the presidential palace. In doing so, however, it allowed them to attack me." In his statements Perez was referring to the political decentralization policy that became a reality in 1989 with the first regional governor elections, the elimination of certain presidential discretional powers, and economic opening, among other events. The suspended president and two of his former ministers were accused of unlawful management of the $17.2 million in a secret account allocated for state security expenses, in 1989.

On the political scene, Perez condemned the division within the Social Christian Party (Copei), the main opposition force, which expelled its founder, former President Rafael Caldera (1969-74), for having announced he would run for president outside the party. Perez attributed the current social and military turmoil in the country to the harsh economic adjustment. "Latin American vices such as protectionism, paternalism, and subsidies were exaggerated in Venezuela." "Venezuela is the country where there has been the most noise, but it is the best example of government modernization and Latin American integration, by way of the Andean Group and particularly with Colombia," he remarked.

Venezuela seems to be moving toward a period of stability, following Perez's suspension, the brief interim government led by Congress President Octavio Lepage, and the installation of Velasquez, on 5 June. Andres Perez criticized the new discussions over whether he should remain at La Casona official residence or not, promoted by his adversaries the attorney general and Gonzalo Rodriguez Corro, the very president of the Supreme Court of Justice. "I will not squabble, but assume an attitude of allowing an easy solution to this crisis along with a close defense of my rights. This is not for me but for the good of the state of law," he stressed.

According to the 1961 Constitution, Perez will keep his presidential rights but has no authority, until a verdict is reached in the trial against him. If the verdict is guilty, he will be stripped of this post. If found innocent, he will recover all of his authority.

* Fermin: Expand Privatization, Foreign Investment

93SM0272B Caracas EL NACIONAL in Spanish 5 May 93 p D2

[Text] Caracas (Reuter/IPS)—Claudio Fermin, the presidential candidate of the governing party, AD [Democratic Action], said that if he comes to power as Venezuela's chief of state, he will expand the current privatization program and deregulate the economy.

In a meeting with foreign reporters, Fermin said that "the state needs to concentrate on principal activities such as justice, education, security, and social assistance. The rest of the economy," he said, "should be in the hands of the private sector."

Fermin—who, as the government-backed candidate in this presidential election, is burdened with representing a party that has been discredited by accusations of corruption and by the widely criticized government of Carlos Andres Perez—asserted that "we must intensify the timid privatization policy we have had until now."

He stated that the companies of the Guayana-based Venezuelan Corporation, a state-owned industrial conglomerate considered a sacred cow by many Venezuelan politicians, should be privatized.

"Those companies in the midst of our heavy industry, of our metalworking industry, encompass a vast ocean, an almost infinite potential, that needs to be explored," he said.

Fermin stated clearly that he plans to continue the Perez government's economic policy, but with major emphasis on a social strategy designed to ensure that everyone shares in the benefits of the creation of wealth.

Foreign Investment in All Manner of Things

"The Venezuelan state cannot continue trying to accomplish everything on its own. We cannot continue committing errors that prevent us from fomenting national investment and foreign investment," he said.

He added that Venezuela can hardly hope to implement an open-door economic policy if it lacks confidence in those who come to the country to work, and if the state does not stop "torpedoing" the creation of new companies and driving investors away.

Fermin's statements seem to run counter to the views of some of his party's leaders, who are more inclined toward the old social democratic postulates calling for major participation by the state in the nation's economy, and for protectionism, an economic model that has been applied in Venezuela since the restoration of democracy in 1958 and until the great change of course announced by Perez in 1989.

"We need to bring foreign investment, in all manner of things, into the country. Not only investment in infrastructure, not only investment in services, not only investment in tourism, but also investment in capital structures," said Fermin, extending his proposed opening to include foreign participation in the nation's oil industry as well.

Facilitating the Entry of International Banking

He added that we must grant equal conditions to foreign capital, and end the privileging of Venezuelan businesses, because this policy is depriving Venezuela of a sizable flow of money, as for example, when we block the entry of foreign banking into the country.

In this regard, he emphasized the importance of reforming the country's financial system so as to facilitate the entry of international banking, which, if allowed to operate in Venezuela, would make available needed funds for the upgrading of Venezuela's productivity.

Renegotiation of the Nation's Debt

Fermin also asserted that the time has come to renegotiate our foreign debt, since the problem can be expected to worsen next year.

"I believe the time has come to sit down with those to whom we owe money, and lay out to them, in all frankness, the situation of our national productive apparatus, and the efforts we have made to meet our payments on time. I believe the time has come to renegotiate our debt."

Venezuela's foreign debt amounts to some $35 billion, of which $22 billion are consolidated in bonds in the hands of investors.

He said that $1 billion should have been included in the 1993 budget for debt service, but that this was not done.

"Failure to pay the additional costs next year will further complicate the situation, because additional interest will continue adding to the cost of our indebtedness." Fermin, 43, and the first Afro-American to aspire to the presidency of this country with its high degree of racial mixture, expressed his firm conviction that the debt situation will be a very embarrassing one in 1994 and will compel the new government that is to take office in February to seek new terms of payment. He proposed to the other three candidates seeking to succeed Carlos Andres Perez that the debt be addressed in the electoral debate "as an issue of utmost national interest."

* Finance Minister Presents 1994 Draft Budget

93SM0250C Caracas EL NACIONAL in Spanish 22 Apr 93 p D7

[Article by Yolanda Ojeda Reyes]

[Text] This government has informed the Congress of the need to approve new taxes five times, but it has only been in the past two years that this appeal has been intensified because of the prospects for the oil sector.

Minister of Finance Pedro Rosas Bravo has submitted the draft of the budget and the Special Indebtedness Law (Umbrella Law) for 1994. In his address, he said that "we are faced with the challenge of reconciling the need to finance budget expenditures out of the resources that are actually available and the ineluctable obligation of the state to meet the growing collective needs without reducing real income."

"Approval of the new taxes will constitute a response to the challenge described. You (the members of the Congress) hold in your hands a historic opportunity to change the archaic structure of the Venezuelan tax system and to lay the foundations for its modernization."

Rosas Bravo spoke of an "equity agreement" designed to allow the new administration greater flexibility in budget formulation, while at the same time making adequate resources available for other justifiable categories that it has not been possible to cover fully for 1994. These categories include expansion of the social programs, allocation of fair budgets for the institutions of higher education, increased allocations for the decentralized health establishments, improved coverage for day-care establishments, and improvements in various remuneration categories in the civil service, among other things.

Rosas Bravo emphasized the importance of approval of a package of laws including the Organic Public Credit Law, the Budget Regime, and the Organic Tax Code. However, he said that these laws "will not be enough to provide the Venezuelan economy with solid and modern public financing."

He spoke of the effort to increase the amounts collected based on the institutional housecleaning and modernization measures undertaken at the Ministry of Finance. As a result of these measures, it has been possible to collect 39 percent more than the figure set forth in the budget as a goal from the sectors other than oil.

The budget total comes to 1,300,913,638,000,000 bolivares, and the income contribution of the sectors other than oil is up 40 percent over the figure for 1993. "This confirms the increasing importance of the taxes paid by these sectors, which accounted for 21 percent in 1991 and 32 percent in 1993."

Ordinary income—1,115,570,000,000 bolivares—accounts for 84 percent of the income budget. Taxes account for 859.779 billion bolivares of this income (667 billion bolivares come from oil).

The level of oil production stands at 2.587 million barrels per day, with 2.1 million barrels per day being exported. The production price is $15, with a legal margin (Export Tax Value) of eight percent.

Extraordinary income (16 percent of the budget) comes to a total of 215.343 billion bolivares, program laws to 90.698 billion, reincorporation of enterprises to 10 billion, reincorporation of administrators of funds or payment institutions to 12 billion, privatization to 79.339 billion, payment of the debts of the privatized enterprises to the Republic to 20 billion, and uncommitted Treasury reserves to 3.305 billion bolivares.

The Ministry of Finance accounts for the largest share and percentage of the total expenditures budgeted (29.4). This is because it centralizes payment of the public debt service and the reduction of other debts, estimated at 336.588 billion bolivares. In addition, 12.218 billion bolivares have been allocated for the payment of interest and amortization of the debts of the public bodies.

Net foreign indebtedness—the difference between the sum paid out and the amortization—comes to $585 million. Domestic indebtedness will be equal to the amortization for which the budget provides in order to avoid an increase in the burdensome domestic debt and additional pressures on the interest rates.

Of the expenditures planned for 1994, 98 percent will come from multilateral, bilateral, and providers' sources. This will ensure that the loans are granted on a long-term basis and at interest rates below those on the international capital market.

The budget is based on an exchange rate of 87 bolivares. As exchange parity changes, the expected adjustments will be made, although it will only be possible to use the additional income obtained in this way to pay off foreign debts, in accordance with the provisions of the Organic Budget Regime Law.

Economic Breakdown of the Fiscal Expenditures Authorized in the Draft 1994 Law (in millions of bolivares)

Category	Amount	Percentage
Total Fiscal Expenditures	1,330,914	100
I. Current Expenditures	950,925	71.45
Operational Expenditures	306,986	23.07
Leasing of Property	255,456	19.19
Transfers	380,678	28.60
Corrections	7,809	0.59
II. Capital Expenditures	256,578	19.28
Direct Investment	63,272	4.75
Transfers	193,306	14.52
III. Financial Applications	123,411	9.27
Financial Investments	38,301	2.88
Amortization of Loans and Administrative Debts	85,110	6.39

* Privatization Schedule for 1993 Detailed

93SM0250A Caracas EL NACIONAL in Spanish 19 Apr 93 p D10

[Article by Yolanda Ojeda Reyes]

[Text] The state is planning to put National Telephone Company of Venezuela (CANTV) shares worth up to $600 million on the domestic and international markets. The state holds 49 percent of the stock in this company. In the first stage, a third of this portion (36.75 percent) will be sold, and the method of placing the shares is currently being defined.

Julian Villalba, the president of the Venezuelan Investment Fund (FIV), explained that this is a formal "and very delicate" offer that requires an optimal regulatory framework. That framework must take into account detailed information on what the past experience of the new investors has been and on their financial status. Preliminary studies have already been made in this connection, but this information will not be officially confirmed until the stockholders' meeting to be held at the end of the month.

Plans call for the placement of shares worth up to $600 million, representing one-third of the 49 percent owned by the state. More than 90 percent of the transfers of shares to the workers (11 percent) has been completed.

According to the technical regulations of the United States Securities and Exchange Commission [SEC], the body responsible for authorizing the placement of shares on Wall Street, guarantees must be ready for evaluation in July or September. Only the financial statement for 1992 is required for the first option, while by the ninth month, the results for the first quarter of this year must be submitted.

Shares worth some $50 million of this lot intended for sale will be placed on the domestic market, and the balance will be placed on the foreign market. Although no agreement has been officially concluded to date, the Paribas Bank of France has informally expressed interest in placing these shares in Europe. Similarly, Colombia is reported to be interested in participating in the process.

The FIV has decided to move rapidly, with a view to the successful achievement of its goals. At present, the only authorizations still pending with the Congress (and they are likely to be finalized within the next few days) are those pertaining to the enterprises in the electrical sector—the ENELVEN-ENELCO and PROSEDATO, ENELBAR, and the Central Power Plant.

"The privatization process is moving forward. The investment banks for the ENELVEN and ENELBAR were arranged some time ago. We are in the process of choosing the financial institution that will be responsible for the Central Power Plant assessment. Here we have First Boston. The pertinent studies have been carried out as the legal deadlines approached."

On a parallel basis, the amendment of the Privatization Law governing this activity is being discussed with the Congress with a view to making the requirements for the use of the available resources less rigid. The allocation of a given percentage to a certain sector does not necessarily mean that projects are being planned in that sector. In this connection, it is believed that the criterion used in establishing ceilings on the planned percentages should be made more flexible.

A Tropical Tangle

Julian Villalba was questioned about this process.

[Reyes] Thus far, there has been skepticism about the possibility of achieving the 1993 privatization goal, which was estimated at $2 billion. What is your opinion?

[Villalba] In calculating this figure, only the base prices were used. In all of the processes we have carried out, sales have exceeded the expected amounts. With the CANTV, for example, we obtained a bonus of 40 percent. We will not have to make so many sales in order to reach the goal of $2 billion. We will only have to finalize four or five cases—those involving the electrical sector, the Santa Rita and Rinconada Race Tracks, the "Melia" chain, the Sheraton, and the CANTV shares.

Julian Villalba is looking for an explanation for this skepticism. He attributes the unease to the changes the country has experienced in recent years. "We have a kind of tropical tangle here, which makes it hard to see things clearly." Just as he was speaking of this, he received a telephone call from a representative of First Boston, which, along with seven other institutions, hopes to win the advantage and to become the investment bank for the Central Power Plant.

He commented that a week ago, he met with an International Monetary Fund (IMF) mission seeking information about the goals of privatization in order to be able to complete the guarantees required before the Republic can sign a new agreement with the IMF. This will mean that this multilateral institution "is telling the world it believes in our country."

Villalba believes that the "intensive" privatization schedule will come to an end in September with the sale of the Central Power Plant, and, possibly, the placement of the CANTV shares, if that does not happen in July. For the larger enterprises, this process will begin to take shape in May.

[Reyes] Might this process not be threatened by the change made by Standard and Poor's, which has altered the forecast for future investments from "stable" to "negative"?

[Villalba] It might have an effect in connection with the premiums the investors are willing to pay for the available assets. But anyone investing in a telecommunications or electrical enterprise does not do so with the short run in mind, but is rather thinking of a business he will have to develop over the long term.

The ENELVEN is made up of the PROSEDATO and ENELCO. The latter was originally under the CADAFE [Electrical Administration and Development Corporation]. Initially, there was thought of organizing the three into a holding company, but as this would entail an authorization separate from that for privatization, it could delay the process. It has now been decided, therefore, that it will be the buyer who decides how he will organize his business, and what the final structure will be.

No Great Complexity

The base price for the Central Power Plant is between $800 million and $1 billion. That for the ENELVEN (ENELCO and PROSEDATO) is $500 million, and that for the ENELBAR is $300 million.

"The goal of $2 billion is not so complex. The sum may come to more, depending on the bonuses we receive." Some issues will remain pending until 1994—in particular, the reorganization of the public bodies.

In Villalba's opinion, privatization not only has a situational component that will help to resolve one year's fiscal problem, but alters structure, as well, because the investments and losses will no longer be taken on by the Republic, but by the private sector.

He shares the view that the weakness of the tax structure is an important component of the fiscal problem in Venezuela.

"It is illusory to think that we are going to resolve the deficit problem solely by reducing public expenditures."

Villalba estimates that the state has 800,000 employees, representing 15 percent of the labor force, a smaller percentage than that in the United States. In addition, he added, a substantial number of these individuals are state and municipal government personnel.

Finally, he said that within the next few days, the Viasa shares held by the MTC [Ministry of Transport and Communications] will be transferred to the Venezuelan Investment Fund, which in this case will act as a shareholder, and not a seller. The Commercial Code provides that when capital is reduced by a certain percentage, the shareholders must replace the losses. Either this must be done, or liquidation will be necessary.

[Reyes] Might Viasa be liquidated?

[Villalba] This is not planned.

After reiterating this point, Villalba noted that although according to the original sales proposal, it would not be wise to make 100 percent available, it "probably" would have been better to do so.

Schedule of Privatizations for 1993

Establishment	Estimated Bidding Date
Motatan Power Plant (1)	II Quarter of 1993
Urena Power Plant (1)	IV Quarter of 1993
Portuguesa Power Plant (1)	II Quarter of 1993
Decazuca (1)	II Quarter of 1993
Indulac (2)	II Quarter of 1993
Canprolac (2)	II Quarter of 1993
Aliposa (2)	II Quarter of 1993
Inlasosa (2)	II Quarter of 1993
Ilataca (2)	II Quarter of 1993
Prolaca (2)	IV Quarter of 1993
C A S A. Silos	IV Quarter of 1993
MAC [Ministry of Agriculture and Livestock] Silos	IV Quarter of 1993
Caracas Polyhedron (3)	II Quarter of 1993
La Rinconada Race Track	III Quarter of 1993
Santa Rita Race Track	III Quarter of 1993
Valencia Race Track	III Quarter of 1993
Isla Bella Complex (4)	II Quarter of 1993
People's Bank, Inc.	II Quarter of 1993
FIV Property Leasing, Inc.	II Quarter of 1993
Hotel Trujillo	II Quarter of 1993
Halmel Hotel Corporation, Inc.	II Quarter of 1993
Puerto La Cruz Tourist Hotel, Inc.	II Quarter of 1993
Hotel Moruco	II Quarter of 1993
Hotel Maracay	III Quarter of 1993
Hotel Aguas Calientes	II Quarter of 1993
Humboldt Cable Railway Hotel	II Quarter of 1993
Doral Beach Hotel	III Quarter of 1993
Hotel Bella Vista	IV Quarter of 1993
Hotel Cumboto	IV Quarter of 1993
Sheraton Macuto Hotel	III Quarter of 1993
Hotel Del Lago	III Quarter of 1993
Hotel Guayana	III Quarter of 1993
Hotel Tacarigua	III Quarter of 1993
Caraballeda Marina	II Quarter of 1993
Cumana Marina	II Quarter of 1993
Puerto Piritu Tourist Complex	IV Quarter of 1993
Sanare Tourist Inn	IV Quarter of 1993
Merida Cable Railway	IV Quarter of 1993
ENSAL (5)	III Quarter of 1993
ENELVEN (6)	II Quarter of 1993
ENELCO (6)	II Quarter of 1993
ENELBAR (6)	III Quarter of 1993
Guiria International Fishing Port, Inc.	III Quarter of 1993
ENACA (7)	II Quarter of 1993
Simon Bolivar International Airport (Administration)	III Quarter of 1993
Aeropostal (6)	III Quarter of 1993
Highways (Construction and Maintenance)	II Quarter of 1993
CANTV (49 percent of the shares offered to the public)	Not Determined
La Guaira Port (Administration)	II Quarter of 1993

(1) Sugar mills; (2) Milk-processing plants; (3) Center for Public Performances (Geodesic Dome); (4) Including the dog track and amusement park; (5) Sea-salt production and processing plant; (6) Electrical generating and transmission installations; (7) Storage company; (8) National and international airline.

Income From Privatization and Workers' Shares

Establishment	Date	Sale Price	Sale Price	Worker-Shareholders	Potential Worker-Shareholders
		(in bolivares)	(in U.S. $)		
Western Discount Bank	15-10-90	472,988,160	9,652,820	265	882
Italian-Venezuelan Bank	26-03-91	3,446,444,444	63,728,632		2,028
Republic Bank	02-07-91	3,444,444,444	61,972,732		1,146
Viasa	09-09-91	8,635,425,000	145.5 million		3,564
CANTV	14-11-91	114,419,500,000	1.885 billion	19,052	22,706
ASTINAVE [Venezuelan Shipyards, Inc.]	13-12-91	1,246,400,000	20,516,872	222*	346
El Tocuyo Power Plant	26-11-91	209 million	3,467,132	326*	326
Hotel Cumanagoto	05-02-92	331,281,894	5,375,335		188
Hotel Miranda	05-02-92	75.25million	1,220,996		84
Cumanacoa Power Plant	15-07-92	164.28 million	2,444,643	42*	42
Yaracuy River Power Plant	02-10-92	487.5 million	7,024,496		70
Cumana Ceramics, Inc.	15-10-92	56,020,115	762,697		
Hotel Jirahara, Inc.	26-10-92	480,426,090	6,215,085		182
CCS Airport Land	20-11-92	3.305 million	42,700		
Lamforte	20-11-92	70,273,500	907,926		
Hotel Tama	26-11-92	355,999,311	4,587,619		131
Tacarigua Power Plant	17-12-92	95.63 million	1,212,348		286
Total		133,994,167,858	2,219,632,034	19,907	31,981

* Workers who have indicated a desire to participate as shareholders.

* PDVSA President on Goals to Year 2000

93SM0250B Caracas EL UNIVERSAL in Spanish 17 Apr 93 p 1 Section 2

[Article by C.R. Chavez]

[Text] In the opinion of the president of Venezuelan Petroleum, Inc. (PDVSA), "The country should not be taken in by fiction as its basis, because there are concrete realities in the oil sector that cannot be changed, given the current situation and the future prospects for this activity." This statement was made by Gustavo Roosen in the course of his well-reasoned explanation of the situation in the oil industry to a large gathering of private business leaders at the FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry]. Roosen began his speech by setting forth some preliminary considerations pertaining to the oil business. In that connection, he said the following:

"It is necessary to review and update the debate concerning oil," recognizing that it is "neither a single and all-powerful resource, nor the cause of all of the evils in the country, either."

He posed a question. "What do we want for the oil sector?" And he went on to say: "Since the nation recognized the importance of oil for its development, its desire has been to obtain as much as possible from it. First, this was done through the concessions system, through legislation that increased the nation's participation in the profits of the business, and then through nationalization whereby the nation took over all of the profits, but assumed the risks as well. This was also done through the establishment of the PDVSA, which has the task of guaranteeing the country as much income from its oil as possible."

Speaking about the "Bases for Planning," Roosen began by warning that "in the oil sector, the country cannot base its actions on false assumptions." What are the realities to be taken into account?

1) The important position of hydrocarbons on the energy market indicating that oil will for many years to come continue to be the world's main source of energy.

2) The dwindling production capacity of a major group of producers confirms the importance of those countries, such as Venezuela, with large proven reserves of oil. On the other hand, the dependence of the leading consumer nations, which will have to import increasing amounts of oil from the production centers, is growing.

3) The pressures exerted on the market by the environmentalists, and the resulting demand for products of better quality, constitute another important factor.

4) The nature of the Venezuelan oil reserves, with an abundance of heavy and extra-heavy crude oils, makes it difficult to extract and process and requires advanced technology. There is, in addition, the fact that placement on the markets is not easy.

5) There is a need for heavy investment on the international level and the competition for capital is consequently limited. It is estimated, for example, that an investment of no less than $750 billion will be needed in the next five years in the world's oil industry.

In fact, the oil industry is planning to deal simultaneously, in the short run, with such immediate needs as settlement of the financial problems, reestablishment of its potential, and defense of the markets. Over the long term, it is planning to promote business growth and market positioning, and, on a continuing basis, to serve its shareholders.

Roosen said that the plans of the PDVSA "must be viewed as a strategy for the development of the country, both in terms of what these plans represent as a tool for guaranteeing a solid revenue base, and because of their capacity to dynamize the economy. The false dilemma that postulates a choice between oil and diversification must be resolved. Economic diversification is not, nor can it be, carried out in spite of oil, but must instead be based on oil. Where Venezuela is concerned, the development of the oil sector is a prerequisite for any effort to achieve diversified growth.

Roosen then synthesized the three main goals of the business plan of the PDVSA. They are: 1) to contribute to national development; 2) to take advantage of the opportunities offered by the market for placing a constantly increasing volume at competitive prices; and 3) to guarantee long-term continuity for the industry by proceeding to incorporate the reserves of the Orinoco Oil Zone and new reserves of light and medium crude oil.

The Goals for 2000

1) To reach a potential of 4 million barrels per day, and a daily production volume of 3.1 million barrels by 1998, and 3.5 million barrels per day in the year 2002, with a larger percentage of heavy and extra-heavy crude oil, from the Oil Zone.

2) To meet the growing domestic demand for gas and to increase the production of liquefied gas and liquid derivatives of gas for export.

3) To increase the refining capacity within and outside Venezuela, both in volume and in high conversion.

4) To consolidate and expand the markets, while working toward further integration with the final consumer.

5) To move ahead rapidly with the production of "Orimulsion" in the Orinoco Oil Zone, so as to increase the volume to 25 million metric tons by the year 2000, in addition to producing some 360,000 barrels of heavy and extra-heavy crude oil per day (possibly through the strategic associations).

6) To plan for an investment to implement this plan that involves a capital sum of $40 billion, of which $22 billion will be provided by the PDVSA in direct investments, while $18 billion will be the partners' contribution.

Roosen spoke about the "requirements for the viability of the plan," which he listed as follows: 1) The gradual but real elimination of the Export Tax Value (VFE), which will come to an end in 1995. This will make implementation of the plans, and as a result, more tax income, possible. There would, for example, be 3.1 trillion in the next five years without the VFE, or 2.1 trillion with the VFE. 2) Revision of the tax tables in such a way as to ensure a more accurate reflection of the risks associated with the diversity and complexity of the business of this enterprise. In short, the PDVSA hopes for new legislation establishing a variable tax system, under which lower taxes would be paid for the activities involving the highest risks and production costs, and, in addition, the lowest financial yields, or, in other words, the heavy and extra-heavy crude oils, while the rate would be higher for the light crude oils and the duly-processed refined products. 3) To strengthen the autonomy and financial independence of the PDVSA so that, again based on a clear concept of autonomous management, its decisions will be made on the basis of essentially commercial criteria, and not any other sort. 4) The opening up of the oil sector to investments, both in the Orinoco Oil Zone and in other areas where development is contingent upon obtaining risk capital.

The Private Sector

In this connection, Roosen said that "the associations should not be viewed as tools for resolving a funding problem for the enterprise, but rather as the means of implementing a global plan for long-term growth. Through these associations, it is hoped not only to obtain investments, but also, and above all, to incorporate new and appropriate technologies, and to guarantee markets for our products. What is being sought, essentially, is not a source of financing, but a partner in the entire chain of operations—production, processing, and marketing.

The associations complete the circle begun by internationalization, in which the PDVSA and our country have achieved demonstrable success. The great prestige achieved by Citgo, the North American affiliate of the PDVSA, is proof of this.

In describing the current situation, Roosen said that "there are 11 letters of intention pertaining to studies of the possibility of joint projects in connection with the Orinoco Oil Zone. Six of the working teams have completed their prefeasibility studies, and the rest will do so before the end of this year.

Also, the Maraven-Conoco project will be submitted to the national Congress soon. This project calls for an

investment of $1.7 billion, with a production estimate of 120,000 barrels of crude oil per day from the Orinoco Oil Zone. It is expected that some 25,000 individuals will be directly and indirectly employed at the peak of construction work on the installations in the course of the two-year period between 1996 and 1998.

Other advantages that will result from the execution of this project, in addition to the technological transfer, include an increase in national purchases, the development of engineering, the regional impact on the economy of the State of Anzoategui, etc.

There is a possibility of a third partner and the placement of a limited number of shares on the stock market.

In connection with the Cristobal Colon project, Roosen reported completion of the phase pertaining to resolutions of intent. In that stage, four enterprises (Lagoven, Shell, Exxon, and Mitsubishi) committed themselves to the formal organization of the company once congressional approval is obtained. The investment there will come to $3 billion.

Concerning the development of inactive or marginal fields, Roosen said that as a result of the first bidding process, two enterprises are already producing oil. One of them, the Japanese Teikoku Company, is producing 1,500 barrels a day. A second bidding process pertaining to 13 new blocs has been initiated. More than 80 of the participating enterprises have confirmed their interest in this process. An exchange of information will begin shortly, bids will be accepted until the month of July, and the decision will be made at the end of the year.

* Lack of Confidence in CSE, Economy Noted

* Latest Datos Survey

93SM0248A Caracas EL NACIONAL in Spanish
18 Apr 93 p D1

[Text] While approximately 75 percent of the Venezuelans consider that the current electoral system is unreliable, only 12 percent accord it credibility, and 67 percent of the population favor the purely uninominal system, according to the latest Datos survey.

According to this survey, the uninominal system is favored by 93 percent of Classes A and B, and by 67 percent and 64 percent of levels D and E respectively, while 33 percent of the population prefer the system of lists, and 42 percent the mixed system.

As for potential abstentions from this year's presidential election, 31 percent of those polled showed little or no intention of voting.

Unpopularity of the Parties

As regards levels of acceptance and rejection of the traditional political organizations, the figures gathered by Datos reflect the following: Approximately 9 percent of those polled would prefer an AD [Democratic Action] candidate as president; 63 percent reject that choice. The COPEI [Social Christian Party] was preferred by 20 percent and rejected by 35 percent. The MAS [Movement Toward Socialism] received approximately 6 percent of the preferences and 17 percent of the negative opinions expressed. Cause R drew a following of 19 percent for and a rejection rate of 8 percent. A communist candidate could count on an acceptance rate of 1 percent and a rejection rate of 24 percent; an independent military candidate, approximately 7 percent for and approximately 19 percent against; and an unspecified independent, approximately 15 percent for and approximately 5 percent against.

Approximately 38 percent of those interviewed expressed the conviction that the next president will be the COPEI candidate; 16 percent believe he will be the Cause R candidate; and 6 percent the Democratic Action candidate.

The government's performance was given a negative rating by 60 percent of those interviewed; 40 percent feel that things are going badly in the country; and only 4 percent deem that they are going well. With regard to President Perez, 50 percent believe that he will not be able to govern the country well in what remains of his term; 7 percent think that the government has done all it could do; and 32 percent feel that it has done nothing.

The Economic Situation

On the whole, 25 percent of the population think the economic situation is better than it was a year ago; 24 percent feel that it will improve over the next few months; and 42 percent expect it to worsen. Looking ahead, 30 percent expressed confidence that within a few years the country will be prosperous, while 13 percent have no confidence that such will be the case.

* Mercanalisis March Poll

93SM0248B Caracas EL UNIVERSAL in Spanish
17 Apr 93 p 15 Section 1

[Article by Carlos Subero]

[Text] Oswaldo Alvarez Paz, governor of Zulia and COPEI [Social Christian Party] "precandidate" [candidate for the COPEI nomination as the party's candidate in the forthcoming presidential election], heads the list of voting preferences in the most recent poll taken by Mercanalisis between 19 March and 1 April.

Zulia's governor was preferred by 22 percent of those polled, while ex-President Rafael Caldera and the governor of Bolivar, Andres Velasquez, each received 21 percent of the voting preferences. Eduardo Fernandez, also a COPEI precandidate, placed third in the ranking with 7 percent of the preferences, and COPEI precandidate Claudio Fermin ranked fourth with 6 percent. They were followed, in turn, by: COPEI precandidate Humberto Calderon Berti with 3 percent; Italo del Valle Alliegro and Petkoff with 2 percent each; and Escovar Salom, Aristobulo Isturiz, Carmelo Lauria, Antonio Ledezma, and Carlos Tablante, with 1 percent each.

Mercanalisis points out that Alvarez Paz, Caldera, and Velasquez dominate the scenario in an almost perfect tie for first place. It states that Dr. Caldera's popularity standing has suffered a sharp drop from 31 percent to 21 percent, while Alvarez Paz's has surged with sudden and apparently rising strength. Velasquez's standing has undergone a similar change, Mercanalisis points out, adding that Eduardo Fernandez and Claudio Fermin are two other leaders with secondary but significant standings.

Seventy-nine Percent Want To Vote by Name Only

Another Mercanalisis question sought to determine which method of electing deputies and senators is preferred. The responses indicated that 79 percent prefer that all be elected by name and surname; 8 percent said that all should be elected via the party voting method; and 7 percent opted for half by name and the other half by choice of party.

Urban Public Opinion Study (19 Mar-1 Apr 1993)—Methods of Electing Members of Congress (Results in Percent)

Question 9. Speaking of the National Congress, which of these methods of electing the deputies and senators do you like best?

		CITIES							
	TOTAL	Caracas	Maracay	Valencia	Barquisimeto	Maracaibo	San Cristo	PLC/ Barcel	Ciudad Guayana
Base	1,000	350	90	110	90	150	70	70	70
All elected as at present, by voting for the party	8	7	9	6	6	11	3	11	10
Half elected by voting for the candidate by name, the other half by voting for the party	7	7	6	3	4	13	7	9	4
All elected by voting for the candidate by name	79	81	84	82	84	71	83	70	80
Don't know/No response	6	5	1	9	6	5	7	10	6

Lack of Confidence in CSE

Another topic was the confidence being generated by the CSE [Supreme Electoral Council]. The following question was asked: "To what extent are you confident of the present CSE's ability to direct the electoral process with firmness and proclaim the winner with certainty?"

The result: Very confident 6 percent; rather confident 6 percent; not very confident 40 percent; no confidence whatever 43 percent; don't know 5 percent.

COPEI and Cause R Head the Preferences

On the question of concurrence with the political parties, Mercanalisis found that COPEI occupied first place with 24 percent, Cause R second place with 21 percent, AD third with 10 percent, and MAS fourth with 6 percent. A total of 34 percent responded None.

Political Concurrence (Results in Percent)

Question 17. Whether you are active in politics or not, with the ideas of which of these present-day parties do your ideas most coincide as to how the country should be governed?

		CITIES							
	TOTAL	Caracas	Maracay	Valencia	Barquisimeto	Maracaibo	San Cristo	PLC/ Barcel	Ciudad Guayana
Base	1,000	350	90	110	90	150	70	70	70
AD	10	9	7	12	11	11	14	10	10
COPEI	24	13	23	27	36	53	30	13	11
MAS	6	4	13	5	11	8	6	9	1
Cause R	21	31	12	11	8	15	19	17	31
Other	1	1	2	1	—	—	—	1	—
None	34	39	36	38	29	12	30	50	44
No response	4	5	7	5	6	1	1	—	1

Sixty-four Percent Believe CAP Guilty Concerning 250 Million

To the question: Based on what you know, do you think or imagine that President Perez is innocent or guilty of misuse of the 250 million from the secret fund? 64 percent responded Guilty; 8 percent Innocent; and 28 percent said Don't Know. Sixty-three percent feel that the president should end his term, versus 27 percent who responded that he should not.

Responses to the question as to the principal mistake the government has committed, the responses were as follows: Corruption 27 percent; high cost of living 12 percent; implementation of economic measures 12 percent; opposition to the people 8 percent; and insecurity 4 percent.

As to its best accomplishment, its social programs topped the list with 19 percent; however, 50 percent responded None.

The People Do Not Want To Protest

When Mercanalisis asked to what extent the respondents would be willing to demonstrate in the streets against the country's situation, 74 percent answered Rather Unwilling or Totally Unwilling, versus 21 percent Very Willing or Rather Willing. The trend since December 1992 has been a decline in the desire to protest publicly, according to Mercanalisis.

As to the direction of the country's economy over the next 12 months, 44 percent believe that it will worsen; 31 percent that there will be no change; and 22 percent that it will improve.

With the election of a new president in December, things in Venezuela: Will improve 42 percent; Will not change 26 percent; Will worsen 11 percent; Don't know 21 percent.

Support/Rejection of a New Coup Attempt (Results in Percent)

Question 18. Would you support or reject a new coup attempt by the military?

		SEX		AGE				SOCIAL CLASS			
	TOTAL	Male	Female	18-24	25-34	35-44	45-70	AB	C	D	E
Base	1,000	501	499	279	296	184	241	53	295	437	215
Would support	16	17	15	23	16	16	9	25	13	18	14
Would reject	75	73	77	68	73	74	83	66	76	72	79
Neither (Indifferent)	6	7	5	5	9	7	3	8	7	6	4
Don't know	4	3	4	4	2	3	5	2	4	4	3

* Youth Polled on Parties, Economic Policies

93SM0272A Caracas EL NACIONAL in Spanish
3 May 93 p D21

[Article by Jesus Eduardo Brando]

[Text] According to an opinion poll carried out by Socioeconomica SA with the support of universities, technological institutes at the university level, and pedagogical institutes, in Caracas, Maracaibo, Barquisimeto, San Cristobal, Maracay, Puerto Ordaz, Maturin, Barcelona, Ciudad Bolivar, Porlamar, La Guaira, Cumana, and Punto Fijo, 69.7 percent of Venezuela's university students and young workers feel that the senators and deputies in the National Congress and Legislative Assemblies should be elected by the uninominal system.

The sampling consisted of 5,500 interviewees, between 17 and 30 years of age. The poll also reveals that 49.6 percent believe that the Supreme Electoral Board should be made up of independents exclusively.

1) With respect to the uninominal system of electing senators, deputies, and members of state legislative assemblies, the result was as follows: 69.7 percent in favor of 100 percent direct uninominal voting by name and surname of the candidate; 10.9 percent favored voting by the list system; 14.3 percent favored a mixed formula (50-50, or 70-30); and 5.2 percent did not respond.

2) The interviewees were opposed to a CSE [Supreme Electoral Board] consisting of members of the political parties. A CSE made up entirely of independents was preferred by 49.6 percent, versus 3.5 percent who preferred that it be made up entirely of party militants, and a respectable 40.9 percent who favored an intermediate formula (50-50 of 70-30).

3) With regard to voting intentions, 43.0 percent affirmed that they will definitely vote in the 5 December elections; 17.5 percent will probably vote; 25.1 percent are undecided; and 12.6 percent said they will not vote.

4) A cross-check between questions 6 and 15 indicated that, of those who voted in the 6 December 1992

elections (54.3 percent of the sampling), 70 percent fully intend to vote, 23.2 percent are undecided, and 5.4 percent intend not to vote this December.

5) As to preferences for political organizations, the results were as follows: AD [Democratic Action] 7 percent; COPEI [Social Democratic Party] 15.2 percent; MAS [Movement Toward Socialism] 6.8 percent; Cause R 36.6 percent; ORA [expansion not given] 1.2 percent; others 18.7 percent; none 13.8 percent.

6) A question was included to determine whether age of the precandidates [candidates for their party's nomination] would be a major factor leading the voters to opt for or against them. In the case of ex-President Caldera, 33.4 percent felt that his age (77 years) weighs heavily against his aspirations; 14.7 percent felt it is a positive factor; 48.2 percent considered it inconsequential; and only 3.7 percent expressed no opinion.

7) The foregoing percentages are inverted when the question relates to precandidates Claudio Fermin, Oswaldo Alvarez Paz, Andres Velasquez, and Carlos Tablante (below 45 years of age): 35.2 percent see it as a positive factor; 9.9 percent deem it negative; and 51 percent consider it inconsequential.

8) With respect to the government's economic policy (its economic package), the effects of which are still being felt by the population, 92.7 percent asserted that it has been of little or no benefit to the country; 5.5 percent consider that it has been beneficial; and only 0.6 percent see it as having been very beneficial.

9) Rejection of the political organizations continues, with 84.1 percent stating that they have not joined and have no desire to join any political party. As for needing a party membership card to obtain a job, 75.9 percent feel that it is not necessary versus 22.5 percent who deem that it is necessary.

10) Asked whether they think that, by granting new benefits to workers, the new Labor Law could be prejudicial to the development of the country, 45.2 percent replied negatively, that is, they do not consider it prejudicial to 13.6 percent [as published].

* Teikoku Officials Reveal Oil Production Program

93SM0272C Caracas EL NACIONAL in Spanish 5 May 93 p 16 Section 2

[Article by C. R. Chavez: "Japan's Teikoku Oil Company Producing 2,000 Barrels a Day in Guarico"]

[Text] *Teikoku is currently operating 40 producing oil wells and, in the last few weeks, has succeeded in increasing its production by 500 barrels a day. Between 1993 and 1995 the company plans to invest a little over 8 billion bolivares, part of which will go into the search for new oil deposits.*

The Japanese oil company Teikoku operating in the eastern area of the State of Guarico, under the marginal-fields exploitation system, is producing 2,000 barrels of 36 API [expansion not given] gravity light crude daily, which is all being delivered to CORPOVEN [a subsidiary of Petroven], in accordance with the agreement signed between the two companies. CORPOVEN, for its part, is presently going over the invoices that Teikoku has presented to it under the agreement, covering expenses, investment, and calculated return on investment. Teikoku's president, Mr. Mutsuo Fukushima, met yesterday with a group of reporters from Guarico and talked with them about the status of the company's production plan.

Mr. Fukushima was accompanied by the company's vice president in charge of general coordination, Evanan Romero, who also spoke about Teikoku's operational plans.

Romero stated that his company has been operating for four months in the eastern part of Guarico, and that this was the first experience with marginal fields in Venezuela as part of a new phase of exploitation of these oil reserves.

Teikoku has jurisdiction over an area of 5,400 square kilometers, where it is now operating 40 producing wells. In addition to drilling several wells for purposes of reactivation, it plans to sink seven other wells during what is left of the year, at a cost of between 40 and 50 million bolivares each. In 1994, it expects to drill 14 wells in new areas, also at an average cost of 40 to 50 million bolivares per unit.

In 1993, 1994, and 1995, Teikoku plans to invest approximately $90 million, which at the present exchange rate amounts to approximately 8 billion bolivares. This sum, however, could run higher, depending on the rate of exchange in each of these three years. Over the 20 years of the program approved by the Ministry of Energy and Mines, Teikoku plans to invest a minimum of $400 million, unless exploratory drillings in the area awarded to it were to reveal a reservoir similar to El Furrial, in which case the investment needed to extract larger volumes of crude would necessarily be greater.

The two high officials of the Japanese company said that its production goal, absent any surprising new finds, is 17,500 barrels of crude daily by 1998.

They also said that existing reserves in the area assigned to Teikoku total 120 million barrels, 42 million of which are proved reserves, and the rest are probable reserves. This year, Teikoku will produce 1.5 million barrels, and "we must hasten to increase production, as we still have more than 40 million barrels of proved reserves to extract from the subsurface." The officials added that the company plans to participate in a forthcoming round of bidding on new marginal fields, and that it will also participate in the plans for strategic associations, once they are defined.

Guyana

State Owned Sugar Corporation Fulfills EEC Quota

FL0406235293 Bridgetown CANA in English 2211 GMT 4 Jun 93

[Text] Georgetown, Guyana, June 4, CANA—The state-owned Guyana Sugar Corporation (Guysuco) this week shipped nearly 9,000 tonnes of raw sugar to complete its 165,000-tonne preferential sugar quota to the European Economic Community (EEC), the corporation has announced. Guysuco, revitalised two years ago after several years of continuing production decline, shipped 8,900 tonnes to the United Kingdom to fulfill its 1992/193 EEC quota.

The corporation, managed Since october, 1990, by British firm Booker Tate, had failed in three consecutive years—1988/1989, 1989/1990 and 1990/1991—to meet its EEC and the U.S. 15,000 tonne quotas because of shortfalls in production. But, the corporation had a remarkable turnaround from the 14-year low of 130,000 tonnes in 1990 to nearly 160,000 the following year and 243,500 last year under Booker Tate.

Guysuco is aiming for a sustained annual production of around 250,000 tonnes to meet its EEC, U.S., Caribbean, and local markets. It is supplying Grenada on an eight-month contract with 2,000 tonnes, of which 1,500 have already been shipped to the Caribbean island. Two spot-order shipments were also made to Dominica last year, but no figures were given.

The state-owned corporation has already shipped 2,700 tonnes of bagged sugar to Barbados, St. Vincent and the Grenadines, St. Lucia, Montserrat, Antigua, and Grenada. An additional 1,500 tonnes will go to Barbados, St. Vincent, and Grenada, the corporation said.

Churches Support Resettlement of Asylum Seekers

FL0406175793 Bridgetown CANA in English 1727 GMT 4 Jun 93

[Text] Georgetown, Guyana, June 4, CANA—The Guyana Council of Churches (GCC) has criticised as "unacceptable" the failure of the Guyana Government to reach a decision on the fate of four Angolans appealing the rejection of their political asylum application here.

GCC Executive Secretary Mike Mc Cormack told CANA the resettling of the four here would not pose any problems. He said the council is asking the government to grant political asylum on humanitarian grounds.

"We are not asking in the context of convention obligations that they be accorded refugee status. We are asking on humanitarian grounds that they not be sent back to Angola, which at the moment is in a considerable internal turmoil," Mc Cormack said.

He said it would be a "considerable improvement" if the ruling People's Progressive Party/Civic government could at least grant the four men temporary refugee status.

Eleven Angolans and a Liberian slipped into Guyana illegally from neighbouring Brazil between December 30, last year and January 15 this year.

Seven Angolans and the Liberian were given asylum by the government following recommendations by the United Nations High Commissioner for Refugees (UNHCR) in early March.

The applications of the four were rejected and they have remained in detention while their appeals are being considered by the government and the UNHCR.

Mc Cormack said the GCC is "disappointed" that Home Affairs Minister Feroze Mohamed has refused to answer its letters or to even invite the council to a meeting to discuss the issue.

The GCC has played an influential role in resettling the eight, including the lone pregnant woman, in a small village on Guyana's east coast of Demerara County.

All five men have found jobs in the capital and the GCC was moving to place the five year old son of the pregnant woman in a local school. All eight are attending English language classes here.

Information Minister on Privatization Policy Paper

FL3105210893 Bridgetown CANA in English 2009 GMT 31 May 93

[Text] Georgetown, Guyana, May 31, CANA—Guyana's Information Minister Moses Nagamootoo Monday slammed increasing criticisms of the government's delay in publishing a privatisation policy paper as a "red herring" and said "substantial progress" was made at an extraordinary cabinet meeting Saturday.

"At our weekend extraordinary session, substantial progress was made in terms of settling the tone and the content of the privatisation document," Nagamootoo told CANA.

"Very soon, we are hoping that we can make this document available in terms of our policy to the Guyanese people and to interested parties who have been asking us to present the comprehensive programme on divestment," he said.

The local private sector has in recent weeks expressed concern over what it said was lengthy delay by the ruling People's Progressive Party/civic (PPP/Civic) to publish its policy paper, due since March. The delay is being seen by some critics as government reluctance to privatise any more state assets because of the PPP's former communist ideology. But, the minister rejected this as a "red herring" and "mischievous."

"The moment one begins to introduce ideology into the divestment process.... It is irrelevant... It is a red herring and it is not justifiable."

The minister referred to the party's 1992 general elections manifesto which said the party was not opposed to private sector development and was moving in the direction of setting up a tri- sectoral economy. Nagamootoo also quoted President Cheddi Jagan as saying the private sector must be the engine of economic growth in the Caribbean Community's (Caricom) largest state.

"Therefore at this stage to try to bring in the fig leaf or the red herring of ideology is mischievous and it is not founded on what is unfolding in Guyana," he said.

He said there was, "great (private sector) activity" all over the country since the party won the October, 1992 general elections. Echoing statements by President Jagan that the PPP/Civic government would not be "pressured" into making any hasty decisions on privatisation, the information minister said government had no "hidden or ulterior motives" behind the delay of the policy paper.

"We are not going to be unnecessarily pushed by anyone into divestment. This is a sovereign state and if a state cannot exercise its own sovereignty over its national assets, then what else will it exercise its sovereignty over," he asked?

The minister said the government had a very, "safe, secure, and very positive and powerful role" for the local and international private sector. Asked for a timeframe for the release of the document, the minister declined to say. He added it would be "premature" to give any details about the paper before it was made public.

Police Recover Cocaine Dropped From Plane

FL0906001393 Bridgetown CANA in English 2111 GMT 8 Jun 93

[Text] Georgetown, Guyana, June 8, CANA—Guyana's police commissioner, Laurie Lewis, says police have recovered most of the 21 bales of cocaine dropped by a low-flying aircraft up a river.

Lewis, holding a special briefing for editors and foreign correspondents Tuesday morning, said the unidentified aircraft which flew low dropped 20 bales of cocaine in the Demerara River and one on nearby land last Thursday.

The commissioner said the bales each weighed about 50 pounds and contained 20 packets of cocaine each.

"We started the investigations on Friday morning and we have been working non-stop since then.... We have been able to recover 18 of those bales," he said.

The 18 bales have a street value of more than G600 million dollars (one Guy dollar ; 0.80 cents US). Five were recovered Monday.

Police also confiscated US24,700 dollars, more than 333,000 Colombian pesos and G2,700 dollars during the dragnet.

Guyana police have arrested 23 persons, including a Colombian, in the biggest cocaine haul here.

Lewis said the Colombian came here several weeks ago and apparently established a network with help from Guyanese which arranged the drop-off of the cocaine in watertight bales.

Suriname

Netherlands To Aid in Restructuring of Armed Forces

PM0406165093 Rotterdam NRC HANDELSBLAD in Dutch 28 May 93 p 2

[Unnamed "own correspondent" report: "Large-Scale Aid for Surinamese Army"]

[Text] Paramaribo, 28 May—The Netherlands will give extensive aid to the Surinamese National Army which is in a state of "extraordinary neglect." To this end a number of Netherlands missions will visit Suriname in the next few weeks.

This was the statement made to a press conference in Paramaribo yesterday by the head of a Netherlands defense delegation, the acting head of the Defense Staff, Lieutenant General H. van den Breemen. He held out the prospect of "radical and wide-ranging operations." He is optimistic about these because he has been able to note that the motivation of the military is good.

The first important goal is to break the army's isolation. On Wednesday [26 May] [Surinamese] navy commander Captain G. Rozenblad and an air force officer left for the Netherlands Antilles for an orientation visit to the Royal Navy.

Van den Breemen said that he had been shocked by the state of neglect in which the armed forces find themselves. In the navy half the men do not wear the required blue uniform but are forced to wear the green uniform of land forces. The military police has hardly any transport and lacks communications equipment. Things are no better in the air force and army: There is a shortage of field equipment, many vehicles have defects, and the barracks are dilapidated.

On Wednesday a Netherlands technical mission arrived to chart the scale of the shortage of spare parts and materiel. In the coming week a second mission to review training will arrive. Later, at the invitation of Defense Minister Gilds, a team will arrive which will help to draft the plan for the restructuring of the army.

Van den Breemen was unwilling to go into the question of where the money for the Netherlands aid is coming from.

In response to a question Gilds said that it is not the intention that Netherlands marines should be stationed in Suriname. But it is to be expected that joint "jungle exercises" will be held.

New Army Commander Gorre Interviewed

PM0206151693 Amsterdam DE VOLKSKRANT in Dutch 26 May 93 p 7

[Report on interview with Surinamese army commander Colonel Arthy Gorre by Linda Otter in Paramaribo; no date given]

[Text] Paramaribo—During his getting-to-know-you visit to the military police at Fort Zeelandia Colonel Arthy Gorre made a remarkable gesture. With a broad smile on his face he waved to the soldiers imprisoned in the Devil, the fort's prison building.

When this anecdote was mentioned Gorre looked up in surprise. "The boys in the Devil are soldiers too. Of course, I do not as yet have a report on why they are being held. But they have to be treated like human beings."

The new commander of the Surinamese army was relaxed and reclined against the reddish velvet of the couch. He had changed his army clothes, the green-flecked battle fatigues, for jeans and a T-shirt. A large number of bouquets in bright candy colors sent to him in the week after his swearing-in fill a large corner of the room.

His remark about the prisoners is typical of Gorre, who wants to build up a democratic army. As his first act he wants to hand over the historic Fort Zeelandia, symbol of Desi Bouterse's revolution in 1980 and a silent reminder of the murders in 1982, to the Ministry of Defense. Gorre wants to settle in the Memre Boekoe barracks. "Then I will be closer to the men," he said.

Gorre's appointment as commander was violently attacked by the former army leadership and Desi Bouterse, the current chairman of the National Democratic Party [NDP]. Has Gorre a strategy for dealing with problems?

He shook his head. "That's not how things work. Under a democratic regime the Ministry of Defense draws up policy, and then it is the job of a commander to implement it. But naturally the army has its intelligence service and it must do its work well.

"I think that a good leadership is not enough on its own. I cannot do everything myself. All officers and junior officers must work together. I want to put things in the barracks in order as soon as possible to bring everything into line. The men must be well housed. The barracks must again become representative. We have to be able to be proud of it."

[Otter] The commanders who occupied temporary posts under the previous army leadership—will they be given permanent posts?

"I have no objection to that if they throw themselves into their work fully. I look ahead; what has happened has happened. With the military manual in hand a step forward must be taken. I am not in a position where I have much choice, but I do not expect many problems to arise. Up to now it has been clear that the boys want to cooperate."

[Otter] How much time is needed before you know for certain that the army will not stage another coup?

"Why would the army do that? The situation in 1980 was very different from the situation today. The officers were not only dissatisfied with the government, but also above all with Colonel Elstak, the previous commander. That gave us the impulse to stage the coup in 1980.

"I suppose that Elstak had a little about that was Surinamese, but he came straight from Holland. He did not understand the Surinamese army, and he radiated an enormous arrogance. I can understand very well why I was involved in the coup."

[Otter] Later the process came to be called a revolution and you extricated yourself in 1988.

"In 1988 I together with Bouterse, Bhagwandas, Boerenveen, and Graanoogst formed the Military Authority. I was head of military operations. But at that time as a member of the Military Authority you were obliged to attend political meetings. My ordinary military work began to suffer as a result. For me military matters and politics do not mix. In 1986 [date as published] I resigned.

[Otter] How do you view the political mass meetings of the NDP where Bouterse insults you openly? Is this a game?

"No, it is certainly no game. Bouterse is a politician. He is chairman of a political party. His words do not affect me. A political leader may say anything. I am not political."

[Otter] A politician may say anything. But when the Military Authority was in charge that was not possible.

"I have no comment to make about that. Look, it is not the case that I am a stupid military man, but I have never worried about this sort of thing. I just did my work. And that was training people, and holding exercises in the jungle. I follow military discipline; I was involved in the revolution of 25 February 1980 and I served under Desi Bouterse. The drill of training stays with you. I will retain such a mentality until I am eighty."

Links with the past are a sensitive area. Gorre was one of the 16 young sergeants who seized power in 1980 and

established a regime which murdered 15 citizens two years later. How close still are the ties with the men with whom Gorre seized power?

The new commander pointed to the biggest bouquet occupying a prominent position in the room. Tied to it was a card with the words: "God's richest victory, from the members of the group of sixteen.. And then the quotation: "Cast your cares upon the Lord. He will care for you. He will not permit it [hij zal nimmermeer toelaten]."

Gorre, with quiet satisfaction in his voice: "I do not know exactly who that bouquet is from. Two members of the group, Zeeuw and Esajas, were at the barracks with me to speak to the men. They congratulated me. I do not think that the bouquet is from them alone."

[Otter] And you have defied Bouterse's anger in order to become army leader.

"I became army commander because I think that what [President] Venetiaan is doing is good, the man is motivated. And not only the president and the leader of the government faction. All parties and organizations have given their massive support. It was clear that people wanted a democratic army."

The Organization of Justice and Peace (OGV), which works to promote human rights in Suriname, has given Gorre the benefit of the doubt. The new army leader quoted Bouterse who in all his speeches sneered at OGV chairman Ilse Labadie, calling her "Suriname's beauty queen."

"Labadie must become the army's foster mother," Gorre said. "It is important that the OGV should help and support me. I will speak to Labadie to make it clear to her that the army needs her to create calm."

[Otter] And your own role in 1982?

"I do not want to look back; I want to begin again from my appointment. But I regret what happened; we have learned from our mistakes. Look, I do want to say this: I was congratulated by the Kamperveen family. I was telephoned from the Netherlands by John Kamperveen (son of former Minister Kamperveen, one of the eight victims of the 1982 murders). And he did not ring me as a journalist. But to wish me luck."

[Otter] You say that you have been given the task of turning the army into a model army. What do you understand this to mean?

"We will not be putting the emphasis on a fighting army. From time to time we will have to go into villages in canoes or aircraft in order to help people. With the water supply, for example. Or with the construction of roads. Of course there will have to be a part of the army that is ready to fight—without such a part it would not be an army any more. It is not my strategy to have people sitting at home doing nothing."

Gorre thinks that he will need two years to perform this task. After two years you get a little lazy and then there is a great danger that you will not want to go. I am now 43, and there are a lot of young officers with a good training."

He will then take over the running of his Divine Diving Company which is currently having to make do with a different manager. "I will never give up diving. Underwater it is beautifully quiet. No telephone calls. And you only see fishes."